

Environmental Improvement and
Energy Resources Authority (EIERA)

**Request for Proposals for
Strategic Planning and Business Opportunity Identification
and Analysis Services**

Amended September 9, 2011

New material highlighted in yellow

Section A. Introduction:

The EIERA wishes to initiate a Strategic Planning and Business Opportunity Identification and Analysis Process and is seeking proposals from qualified consultants providing these services.

The EIERA anticipates the process will take approximately nine months to provide adequate time for Board and Staff participation in strategic planning as well as input from focus groups to identify potential business opportunities. The outcome of the process will be:

1. A written strategic plan document that presents
 - a.) the planning process;
 - b.) the EIERA's mission, vision and values;
 - c.) the agency's organizational history and profile;
 - d.) the core strategies; and
 - e.) the programmatic as well as the financial, administrative and governance goals and objectives.
2. A written analysis of five to ten of the most promising business opportunities identified during the process. The analysis should contain, at a minimum, a preliminary assessment of the resources necessary for implementation, the revenue generating potential and implementation considerations of each.

Given the shift in financial market conditions, the Authority is looking for opportunities to increase its income and provide diversified/enhanced services to the State of Missouri.

The consultant(s) will be selected for this project based upon the criteria stated in Section E of this RFP. All proposals must be submitted by the deadline date and any proposal not submitting material, including costs, in the manner requested may be considered non-responsive and not considered.

Proposals must be delivered, via e-mail, no later than September 22, 2011, 5:00 p.m. local time and hard copies delivered to the EIERA offices by September 23, 2011, 5:00 p.m. More information regarding the submittal may be found in Section D of this RFP.

A pre-bid conference will be held on September 7, 1:30 p.m. local time at the EIERA's offices, 325 Jefferson Street, Suite 200, Jefferson City, MO 65102. Participation by phone or in person is encouraged, although not mandatory. Call in information will be provided by e-mail to every consultant on record with the EIERA as having a copy of this RFP and on the Agency's website at <http://www.dnr.mo.gov/eiera/index.html>. Potential proposers are encouraged to contact the EIERA, at (573)751-4919 or by e-mail to Karen.Massey@dnr.mo.gov, to ensure that they are on record with the EIERA and they receive notification of the call-in information, or of any change to the time or date of the pre-bid conference. The EIERA is not responsible for providing information to any individual or firm not on record with the EIERA as having a copy of this RFP.

Potential proposers are invited to submit written questions and requests for clarifications regarding the RFP. Any questions received in writing at least one hour before the pre-bid conference will be addressed during the pre-bid conference. All questions or requests for clarification must be submitted via e-mail to Karen.Massey@dnr.mo.gov and received prior to September 10, 2011. Written responses to questions and requests for clarification received prior to September 10, 2011, will be distributed via e-mail on or before September 12, 2011, to all parties on record with the EIERA as having a copy of this RFP. The EIERA is not responsible for providing information to any individual or firm not on record with the EIERA as having a copy of this RFP.

In the event it becomes necessary to revise any part of this RFP, an addenda will be provided to all parties on record with the EIERA as having a copy of this RFP.

Do not contact the staff or board members of the EIERA regarding this RFP or the services sought therein in any manner other than described above.

Section B. Background:

The State Environmental Improvement and Energy Resources Authority (the "Authority" or "EIERA"), created in 1972, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor of the State of Missouri (the "State"). The Authority is administratively placed in the Missouri Department of Natural Resources.

Through its special independent status as a "body corporate and politic," the Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State of Missouri. It is also empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations and businesses in obtaining low-cost funds and other financial assistance for projects related to the Authority's purposes.

The Authority has been mandated by the General Assembly to implement a number of projects in cooperation with the Department of Natural Resources and the Department of Economic Development. Studies have been conducted on energy and environmental issues, including energy usage and efficiency and solid and hazardous waste.

Partnerships have also been created with entities, both public and private, to promote and educate Missouri's citizens on a variety of environmental and energy related topics.

The Authority's enabling statutes may be found at RSMo. 260.005 - 260.125, with certain projects and programs authorized in RSMo. 260.335 and 640.651 - 640.686.

The EIARA receives no direct appropriation from the State of Missouri. The Authority operates on fees received from bonds issued, grant funding, reimbursement for services provided, an allocation of the solid waste tipping fee and investment income. The fee schedule for issuance and application fees is set forth in the Missouri Code of State Regulations, 10 CSR 130.-1.010 and 1.020. Historically, issuance fees from Private Activity and State Revolving Fund Bonds have provided the bulk of the revenues for the Authority. With the financial crisis, that is no longer the case. A copy of the Authority's most recent financial audit with more detailed information about the finances of the EIARA is attached to this RFP as "Exhibit 1."

In recent years, the EIARA has focused its efforts on three primary programs:

1. Bond issuances for the Clean Water and Drinking Water State Revolving Loan Fund (SRF) Program. In cooperation with the Missouri Department of Natural Resources, the Missouri Clean Water Commission and the Missouri Safe Drinking Water Commission, the EIARA issues revenue bonds (repaid by loans repayments from program participants) which fund drinking water and wastewater projects for Missouri communities, sewer and water districts and non-profit entities. More information on this program can be found in Appendix A. Issuance and application fees for these bond issues have been the primary source of revenue for the Authority since the mid-1990's. With the collapse of the financial markets, the frequency and size of these transactions have been dramatically reduced.
2. The Missouri Market Development Program (MMDP) provides technical and financial assistance to Missouri businesses and communities producing products made from or to be used in the manufacture of goods made with recycled materials. The program also provides market information and other related services. The MMDP is funded through an allocation of the Solid Waste Management Fund that is capitalized by solid waste tipping fees. More information on this program may be found in Appendix B.
3. The Missouri Brownfields Revolving Loan Fund (BRLF) is capitalized by a grant from the US Environmental Protection Agency and provides funds to political subdivisions and private entities for the clean up of contaminated properties. Information on this program may be found in Appendix C.

The Authority is involved in three other activities that are not a focus of staff time, nor are they necessarily income producing.

1. The EIERA holds funds provided by a number of electric and natural gas utilities that are used to provide weatherization assistance to low income households in the utilities' service territories through local Community Action Agencies. The Authority simply holds these funds, is responsible for their investment and transfers funds to the Community Action Agencies as directed by the staff of DNR's Weatherization Program. The EIERA receives no compensation for these services; however Weatherization Funds are used to pay related accounting and legal fees when incurred.
2. From time to time the EIERA issues tax exempt revenue bonds on behalf of Missouri utilities or industries to fund qualifying pollution prevention projects. These Private Activity Bond (PAB) transactions were the sole source of revenue for the EIERA in its early history; however, changes in the US Tax Code during the 1980's significantly reduced the types of projects which qualify for this type of financing. Additionally, market conditions, regulatory uncertainty and other business considerations have reduced the number of transactions moving forward even further. While the Authority receives application and issuance fees for these transactions, their lack of frequency makes them unreliable as a source of income. For information, see the Authority's most recent audit (Exhibit 1) that contains a listing of all bond issues, their size and date of issuance.
3. Unrestricted funds of the Authority are used to provide financial assistance to miscellaneous projects on an ad hoc basis. Funding for these projects rarely exceeds \$50,000. Examples of such projects include:
 - a. Contribution toward a geothermal system for the Watershed Center of the Ozarks' new headquarters and interpretive center;
 - b. Funding to upgrade failing water and wastewater systems in a number of Missouri State Parks;
 - c. Provision of local match for a USDA grant to study tall tower wind feasibility in northeast Missouri;
 - d. Funding to inventory and dispose of dangerous and outdated chemicals in three rural school district chemistry labs as a pilot study in cooperation with the Center for Safe Schools which used the data to support a successful grant application for funds to provide this service state wide.
 - e. Funds for administrative support for the Kansas City area Byproducts Synergy Initiative in which brought together a number of industries, utilities and municipalities in the region to determine beneficial uses of various waste products between members of the initiative.

The EIERA is non-regulatory and strives to carry out its functions in a non-bureaucratic manner. It functions with a small in-house staff (Director, Deputy Director, Development Director, Finance Officer, Office Manager and Office Support Assistant) and obtains technical expertise (legal, financial, engineering, etc.) on a contract basis.

Section C. Scope of Work:

Modifications to the Scope of Work contained in this section are allowable; however any proposed scope of work must include the development of a strategic plan, evaluation of existing business lines and identification and analysis of potential business lines.

1. The EIERA expects the consultant to coordinate with the staff and Board throughout the course of the project through regular meetings and status reports in order to obtain necessary information, keep the project on schedule and/or make any needed adjustments to the plan or schedule.
2. The consultant shall design and facilitate a board and staff planning work session (including pre-work session activities, if any) which could include a small number of key stakeholders. The day, or day and a half, work session will engage discussions to identify key items necessary for the draft plan. Additionally, during the work session, criteria should be determined by which existing and potential business lines will be evaluated in relation to their profitability (information for existing business lines to be provided by EIERA staff) and newly established criteria.
3. Following the work session, the consultant will compile results of strategic planning work session and prepare and draft a four-year Strategic Plan for EIERA management review and comment. The plan document should contain, at a minimum:
 - a. the planning process;
 - b. the EIERA's mission, vision and values;
 - c. the agency's organizational history and profile;
 - d. core strategies; and
 - e. programmatic as well as the financial, administrative and governance goals and objectives.
4. The consultant will present the draft Strategic Plan (with management revisions, if any) to the EIERA Board for review and comment. Ten hard copies of the draft plan should be delivered to the EIERA offices no later than 10 days before the EIERA meeting at which the plan will be presented for review and comment.
5. A revised, final plan prepared by the consultant will be submitted to the EIERA board for final approval. Ten hard copies of the final plan should be delivered to the EIERA offices no later than 10 days before the EIERA meeting at which the plan will be presented for approval.
6. The consultant will work with staff and board to identify potential members and define focus groups which will be convened to help identify environmental and energy finance needs and potential business opportunities for the EIERA.

7. The EIERA expects the consultant to convene and facilitate five to seven focus groups (consisting of approximately five members each) to identify potential or enhanced business lines. Following the focus group meetings, the consultant will compile results of focus groups.
8. The consultant will then work with staff to identify business opportunities with the most potential using the criteria developed during the retreat and potential profitability, if it can readily be estimated.
9. An analysis of each of the five to ten most promising business opportunities will be prepared by the consultant containing, at a minimum, a preliminary assessment of the resources (financial, personnel, time, expertise, etc.) necessary for implementation, the revenue generating potential and implementation considerations (known or suspected logistical/legal/practical roadblocks, ease of implementation, competition, likelihood of success in Missouri, etc.) of each. The analysis in this activity is expected to rely upon data and information collected not only during the focus group process, but also through additional research by the consultant.
10. The consultant should present the draft analysis to the EIERA management for review and comment. The final analysis will be presented to the EIERA Board.

The information contained in the following paragraph is being provided as information only and is not part of the scope of work for the consultant in relation to this project. It is anticipated that after the actions above, the EIERA staff and Board will decide which potential business opportunities warrant additional development and pursuit. EIERA staff will develop operational plans to implement the strategic plan which will include periodic evaluation and monitoring of the plan and its implementation.

Section D. Proposal Submission:

The bid proposal and accompanying transmittal letter must be an Adobe PDF formatted attachment, using 8.5" x 11" paper size, submitted via e-mail addressed to: Karen.Massey@dnr.mo.gov no later than 5:00 p.m. local time on September 22, 2011. A confirmation e-mail will be sent to the proposer acknowledging receipt. Additionally, an original and 8 copies should be delivered to the offices of the EIERA at 325 Jefferson Street, Suite 200, Jefferson City, MO 65102, no later than 5:00 p.m. September 23, 2011.

There is no page limit for submissions; however, potential consultants are encouraged to be succinct. The following information is required in each response to this RFP:

1. Letter of transmittal signed by an individual authorized to legally bind the firm.
2. A description, the organizational structure and history of the firm. Describe the proposer's presence, if any, in the State of Missouri, whether it is a certified

MBE/WBE and the organization's commitment to minority and female employment opportunities.

3. Qualifications and related experience of the proposer in business planning, business opportunity identification and assessment, and strategic planning. Qualifications and experience in the areas of environmental finance, municipal finance, environmental programs or issues, and quasi-governmental or governmental agencies should be noted; however, lack of experience in these areas will not render a proposer unqualified for consideration. Include reference contact information for three similar or related projects. **If desired, you may attach examples of relevant, related work previously performed.**
4. A description of the consultant team organization and its structure with an organization chart. Describe how the project will be managed. The roles of all individuals and firms, if more than one, should be noted as well as the approximate amount of time each will dedicate to the project. A brief resume of each individual should be included which identifies their qualifications and experience for, or in, the role they will be assuming for this project. Qualifications and experience in the areas of environmental finance, municipal finance, environmental programs or issues, and quasi-governmental or governmental agencies, should be noted.
5. A brief description of the proposer's philosophy toward strategic planning, business planning and business opportunity identification and assessment. Additionally, describe the proposer's overall approach to be used in this project.
6. Describe your proposed scope of work and method of performance. Describe the expected out come of and how each step or phase will help meet the needs and objectives of the EIERA. State specifically information and data necessary for completion of the project (both the Strategic Planning and Business Opportunity Identification and Analysis portion of the project). For the business opportunity identification and analysis portion of the project, please state the specific analysis to be performed.

The EIERA recognizes that the analysis of business opportunities can be performed at varying degrees of detail, sophistication and effort. You may propose multiple levels of analysis; however, each level must be clearly identifiable and the information requested in the paragraph above should be provided for each.

Modifications to the Scope of Work contained in Section C are allowable; however any proposed scope of work must include the development of a strategic plan, evaluation of existing business lines and identification and analysis of potential business lines. Where changes are contemplated, provide the reason for the modification and how the modification will result in an enhanced product, cost savings, or meet the needs of the EIERA in a better manner.

7. Provide a timeline for completion of the proposed scope of work which starts following the execution of a contract between the consultant and the EI ERA. Modifications to the anticipated time period for completion of this project are allowable. If modifications are made to the timeline stated in this RFP, please state the reasons for such deviations.
8. Describe what you will expect of the EI ERA staff and EI ERA Board (time, information, etc.) during this process.
9. Describe your plan to keep EI ERA staff up to date and informed of project progress.
10. Fee Schedule: Fees will be paid on a dollar per hour basis up to designated not-to-exceed amounts for each of the specified outcome areas. Consultant expenses (travel, food, lodging, telephone, copier, report preparation, etc.) will not be paid separately and should be included as part of the dollar per hour amounts quoted. The EI ERA will pay for agreed upon conference room and related expenses (AV equipment, conference calls, etc.) for focus group meetings and the planning work session as well as lodging and travel for its Board, staff and, potentially, other meeting participants. The consultant would not be expected to provide for travel expenses for focus group members or participants in the work session. For the purposes of this proposal, assume 6 individual business opportunities are analyzed and 5 focus groups are convened.
 - a. Provide a dollar per hour amount for each individual or class of individuals providing services described under this RFP. If these amounts are provided by class, ensure that the classification of each individual is noted in the proposal.
 - b. Provide two not-to-exceed dollar amounts. One for Strategic Planning Services (Items 1-5 in the Scope of Services outlined above) and another for the Business Planning/Evaluation/Analysis Services (Items 6-10 in the Scope of Services outlined above.) If you propose multiple levels of business opportunity analysis, provide a not-to-exceed dollar amount for each.

If you provide an alternative Scope of Services, fees must be provided in a substantially similar manner to that requested above. Costs provided in a manner other than that requested could be deemed non-responsive and preclude the proposal from consideration.

Invoices, in a format and with substantiating documentation acceptable to the EI ERA may be submitted for payment no more frequently than monthly and must be submitted at least quarterly. Payment will be made within 30 days of receipt of the invoice with all appropriate documentation.

Section E. Evaluation Criteria:

1. Qualifications and related, relevant experience of the proposer and assigned personnel in strategic planning and business opportunity identification and assessment.
2. Philosophy of strategic planning and business opportunity identification and assessment.
3. Understanding the needs and objectives of the EIERA.
4. Understanding of and ability to perform the scope of work with a logical methodology for carrying out the tasks in a manner designed to accomplish the objectives of the EIERA.
5. Demonstrated ability to lead, facilitate and coordinate projects involving focus groups.
6. Familiarity with and experience in the areas of environmental finance, municipal finance, environmental programs or issues, and quasi-governmental or governmental agencies.
7. Cost will be important, but not the sole consideration for selection.

Section F. Conclusion:

The EIERA reserves the right to cancel this solicitation; accept, reject or request changes in any or all proposals; or to make inquiries of responding firms and their references and clients regarding qualification or information submitted as part of this selection. Should the EIERA accept a proposal under this solicitation, it will negotiate an agreement accordingly.

Joint proposals will be accepted; however, a lead firm must be identified and the EIERA will negotiate a contract with that firm only. Any change in personnel assigned to the project must receive prior approval from the EIERA. In the event an individual assigned to the project ceases to provide services as outlined in the proposal, the EIERA may terminate the consultant's services upon written notice.

The EIERA may request additional information and/or an interview with any or all proposers prior to the selection of a consultant. The EIERA is not obligated to provide a debriefing for unsuccessful applicants. The EIERA is not liable for any costs incurred by any parties in the preparation of the proposal or the RFP process. The EIERA may waive any technicalities and make any award that it deems is in its best interest.

It is anticipated that the selection of the consultant will occur around October 14, 2011.

THANK YOU FOR SUBMITTING YOUR PROPOSAL TO PROVIDE SERVICES TO THE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY.

Appendix A
State Revolving Loan Fund (SRF)

Working with Missouri Communities to preserve and protect our water resources and public health by providing financing for planning, design and construction of drinking water and wastewater systems, and non-point source facilities.

The Missouri SRF leveraged loan program is a revolving fund established pursuant to the federal Clean Water Act of 1987. It was developed by the EIERA and the Missouri Department of Natural Resources (MDNR) in cooperation with the Missouri Clean Water Commission. Amendment to the Federal Safe Drinking Water Act in 1996 allowed the program to expand and incorporate drinking water facilities. The day to day administration of the programmatic aspects of the SRF (marketing, loan approval, community outreach and compliance checks) are carried out by the staff of MDNR. The Authority and its contract finance team provide financial services including bond financing for project construction and the provision of state match.

Historically the Missouri SRF leveraged loan program was operated as a subsidized low interest loan program utilizing a “reserve” fund model. Under this structure the political subdivisions voted General Obligation and/or Revenue bonds to secure their debt. These bonds are purchased by and resold nationally by the EIERA. The EIERA bonds are rated as AAA. Funds generated by the sale were deposited with a trustee in the applicant's name and used for construction. As construction costs were incurred, state and federal funds were deposited into a reserve account in an amount equal to 33% or more of the construction cost. Interest earned on the reserve was credited to the interest portion of the debt service charge on the bonds thereby providing the interest subsidy to the recipient. After the collapse of the investment markets in 2008-9 the Authority began to look for another structure. A “modified cash flow” structure was selected. Under this approach DNR issues low interest direct loans to program participants. Those loans are pledged to secure EIERA bonds, the proceeds of which DNR uses to finance additional projects. Our first use of this new structure was issued in November 2010.

Since its inception, the SRF has:

- Financed over \$2.0 Billion in projects.
- Made over 350 participant loans.
- Saved participants over \$617 million verses conventional financing.

The EIERA receives fees for bonds issued under the SRF program as well as reimbursement for a portion of staff time devoted to the program and reimbursement of professional fees expended on behalf of the SRF program.

Appendix B

Missouri Market Development Program

Through Senate Bill 530, enacted in 1990, the Missouri General Assembly authorized the EIARA to establish the Missouri Market Development Program to encourage the development of markets for recovered materials. Since its formation in 1992, the Missouri Market Development Program has worked to expand its services to Missouri businesses and other partners in recycling, helping Missouri move toward our 40 percent reduction goal for solid waste disposal.

The Missouri Market Development Program receives \$800,000 from the state's Solid Waste Management Fund annually. This fund is a per ton fee levied at sanitary landfills, demolition landfills, and on solid waste transported out of state through transfer stations.

The Missouri Market Development Program is truly a team effort that includes many public and private organizations. Through interagency agreements, the EIARA administers the program in cooperation with the Department of Natural Resources and the Department of Economic Development. Strong contractual partnerships with the Missouri Enterprise and the Missouri Association of Councils of Government extend the program's staffing level and enable the program to provide a broad range of technical and financial services. The cooperation and assistance of many additional agencies and organizations have been instrumental in the success of the Missouri Market Development Program.

Financial Assistance

Direct financial assistance to Missouri businesses, governments and organizations is the foundation of the program's efforts to meet the directives set in S.B. 530. Missouri Market Development Program financial assistance is targeted toward developing and expanding manufacturing capacity in the state by assisting businesses with the purchase of equipment needed to enable manufacturing facilities to use recovered materials. This emphasis has evolved over the history of the program, and must continue to be responsive to changing needs in the recycling infrastructure.

Any individual, private business, non-profit organization or public institution operating or proposing to operate in Missouri may apply for financial assistance. Eligible projects include those resulting in the final processing or conversion of recovered material into industrial feedstock or the manufacture of products from those feedstocks.

Currently, the maximum amount of financial assistance for any one project is \$50,000 and the amount may not exceed seventy-five percent of the total equipment cost.

All applications for financial assistance are carefully reviewed by the interagency steering committee, comprised of representatives from EIARA, DNR and DED. The applicant is required to submit detailed information concerning project objectives, the recovered material used, the project's strategy for market development and operational

and financial information. Program staff conduct site visits prior to the review meeting to observe existing facilities and to discuss project details with the applicant.

The Missouri Market Development Program is interested in projects that expand the role of recycling in a sustainable economy for Missouri, contribute to a quality environment and reduce reliance on landfills. The steering committee evaluates each application with regard to the recovered material used, feedstock sources, the amount of material diverted, and the technical and financial feasibility of the project. The steering committee makes recommendations for project approval to the EIERA Board.

Approved financial assistance projects usually involve a two-year agreement between the EIERA and the project. During this time, the EIERA retains a primary security interest in the equipment purchased with program funds. The project is required to submit quarterly reports describing project progress.

Actual program expenditures for direct financial assistance vary from year to year, but are generally fifty to sixty percent of the total program budget. In fiscal year 2011, \$468,180 was budgeted for regular financial assistance projects.

Technical Assistance

The Missouri Market Development Program provides technical assistance to businesses to increase the use of recovered materials in manufacturing, marketing, and purchasing. Technical assistance projects can range from market analysis to exploration of manufacturing processes or new technologies.

Technical Assistance projects are awarded through an application process and approved by the Missouri Market Development Program Steering Committee.

Missouri Market Development Program technical assistance projects help to increase the competitiveness of businesses through sales increase, cost savings, capital investment and/or jobs created or retained. Current fiscal year plans include a budget of \$75,000 to complete technical assistance projects.

Informational Services

The Missouri Market Development Program provides a wide array of informational services to businesses, governments and other organizations to promote the development of markets for recovered materials. Program staff produce various publications and provide presentations and consultation to manufacturers, purchasers, marketers and distributors in areas such as:

- Locating sources of recycled-content feedstock
- Procuring feedstock in a cost effective manner
- Developing business plans
- Developing marketing plans; and

- Educating purchasers and vendors about the cost/benefits of recycled content products

The “buy recycled” message is an important aspect of Missouri Market Development Program informational services because buying recycled is the weakest link in the recycling loop. Program staff provide workshops to promote this message and assist in the organization of “green vendor” fairs or other public education opportunities.

The Missouri Market Development Program also supports and participates in state, region and nation-wide organizations and activities to gain and share knowledge and to develop professional relationships in the areas of recycling, economic development, solid waste and related environmental or business areas.

Additional Program Assistance

The Missouri Market Development Program has also supported projects providing education and assistance related to household and agricultural hazardous waste issues and coordinates the Industrial Materials Exchange Service for Missouri businesses.

The program may distribute Requests for Proposals or initiate other special projects to promote the development of markets for specific materials that are underutilized in recycling projects.

The Missouri Market Development Program will complete a multi-state analysis of recycling market development activities in Fiscal Year 2011 and will begin to implement regional recovered materials fairs.

In the coming year, the Missouri Market Development Program will continue to work with our partners and clients to assess current recycling market development strategies and to develop new initiatives to strengthen Missouri’s recycling infrastructure.

In addition to technical and financial assistance to project, MMDP funds pay for MMDP staff, expenses directly related to MDP activities, a portion of EIERA staff time spent on MMDP work and some EIERA expenses attributable to MMDP efforts.

Appendix C

Missouri Brownfields Revolving Loan Fund

In 2005 the Authority applied for a grant from the USEPA to establish a revolving loan fund for the clean up of “Brownfields”—properties that are underutilized due to environmental contamination. The EPA awarded the EIERA \$1 million in late 2005 to capitalize the fund and the EIERA Board committed \$200,000 as match for the federal grant.

Since that time, staff has worked to fully develop a complicated program from the ground up. Procedures and processes were developed, numerous legal and procedural documents were created, and an accounting system was developed; all of which must meet with EPA’s approval. One of the biggest initial challenges was developing a program that met EPA’s requirements while following the Authority’s desire to be non-bureaucratic. Toward that end, staff has developed the program to make it as simple for the borrower as possible, while still meeting all EPA’s requirements. The EIERA was awarded a “Brownfields Star Performer” award from EPA Region 7 for those efforts.

Funds are now available to both private and governmental entities to pay for the clean up of contaminated properties. Thirty percent of the funds are available as grants to non-profit and governmental entities when a project incorporates non-profit use, green space or sustainable design concepts. A funding recommendation is required from a multi-disciplinary team to the EIERA board which approves each loan or grant.

In 2009, the program was awarded \$1,160,000 in supplemental funding through the American Recovery and Reinvestment Act. \$800,000 of this new money is to be used for the cleanup of petroleum contaminated sites and \$300,000 is available to clean up sites contaminated with hazardous substances. No match was required by the ARRA grant. In 2010, the program was awarded an additional \$1.2 million to be used for hazardous substance contaminated properties and the EIERA Board committed an additional \$240,000 as match for the grant.

In addition to project funding, the BRLF funds expenses and staff time directly related to carrying out the functions of the program as detailed in the grant workplan. Administrative and overhead expenses are not allowable for reimbursement.

REPORT OF
STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY

JUNE 30, 2010

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

FISCAL YEAR ENDED JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

Members of the Board of the State
Environmental Improvement and
Energy Resources Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the State Environmental Improvement and Energy Resources Authority (the Authority) as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the State Environmental Improvement and Energy Resources Authority as of June 30, 2010, and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the budgetary comparison schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is the responsibility of management of the Authority. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplementary information listed in the table of contents is not a required part of the basic financial statements of the Authority. Except as noted in the following paragraph, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

The financial statements of State Environmental Improvement and Energy Resources Authority for the year ended June 30, 1992, were audited by other auditors whose report dated August 14, 1992, expressed an unqualified opinion on those financial statements. Their report, as of the same date, on certain accompanying supplementary information which has also been included on pages 29-39 stated that, in their opinion, such information was fairly presented in all material respects in relation to the general purpose financial statements for the year ended June 30, 1992, taken as a whole.

Williams-Keeper LLC

October 27, 2010

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

The following Management's Discussion and Analysis (MD&A) of the State Environmental Improvement and Energy Resources Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2010. The information contained in the MD&A should be considered in conjunction with the information presented as part of the Authority's Basic Financial Statements. Following this MD&A are the basic financial statements of the Authority with the notes thereto which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements are designed to provide the readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods. The government-wide financial statements present information about the Authority as a whole. All of the activities of the Authority are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's programs.

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented from the Authority's government-wide financial statements:

Summary of Net Assets as of June 30, 2010 and 2009

	2010	2009
Current and other assets	\$ 6,791,370	\$ 7,104,317
Capital assets	1,311	2,508
Total assets	6,792,681	7,106,825
Total liabilities	181,600	154,968
Net assets		
Invested in capital assets	1,311	2,508
Unrestricted	6,609,770	6,949,349
Total net assets	\$ 6,611,081	\$ 6,951,857

Summary of Changes in Net Assets from Operating Results for the Years Ended June 30, 2010 and 2009

	2010	2009
Program revenues:		
General operations	\$ 431,412	\$ 545,319
Market Development	839,613	632,925
Missouri Brownfields Revolving Loan Fund	472,175	77,615
General revenues - investment and other	102,327	210,361
Total revenues	1,845,527	1,466,220
Expenses:		
Salaries and benefits	645,105	638,996
Contractual services	1,173,298	507,440
Other operating costs	366,703	302,571
Depreciation	1,197	966
Loss on disposal of assets	-	3,902
Total expenses	2,186,303	1,453,875
Increase (decrease) in net assets	\$ (340,776)	\$ 12,345

During fiscal 2010, net assets decreased by approximately \$341,000 or 4.9%, from \$6.95 million to \$6.61 million.

Revenues from all program facets showed considerable change from the previous year, with an overall increase of approximately \$379,000 or 25.9%. General operations, which consists primarily of issuance, legal, and application fees related to bond issuances, comprised approximately 23.4% of total revenues versus 37.2% in the previous year, a 20.8% decrease. As a per cent of total revenues, Market Development revenues increased from 43.2% last year to 45.5% this year and Brownfields revenue increased from 5.3% last year to 25.6% this year.

General revenues, which consist primarily of interest earnings on investments, showed a dramatic decline from the prior year due to decreasing interest rates on investments.

Expenses generally parallel those of the prior year, with one exception. Contractual services reflected a 231% increase from the previous year and comprised approximately 53.7% of total expenses versus 34.9% in fiscal year 2009. This increase was due to increased financial assistance under the Market Development Program and increased subgrants and loans under the Brownfields Program.

FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the governmental funds decreased from \$6.95 million to \$6.61 million.

General operations revenues were well below the prior year, primarily as the result of only one SRF bond issue (a refunding), which has lower application fees than a new money issue.

The Market Development Program revenues reflected a 32.7% increase over the prior year. This was a direct reflection of a 40% increase in the number of projects receiving assistance through the program.

The Brownfields Revolving Loan Program also experienced a marked revenue increase from the prior fiscal year (608%), which reflects much stronger participation in this program. The Authority received a supplemental grant award of \$1,160,000 for the Brownfields Program on September 29, 2009. These funds were made available through the federal American Recovery and Reinvestment Act (ARRA) legislation. The Authority has three years to expend the funds under the program. Language in the federal ARRA legislation waived the requirement for states and, in our case - the Authority, to provide a twenty percent match in order to receive the federal stimulus funding. However, the Authority is supplying the required 20% match on the original federal capitalization grant of \$1,000,000, plus an additional \$50,000 for non-eligible expenses.

Approximately \$472,000 of federal funds were utilized during the fiscal year to pay program expenses. An additional \$53,000 was provided in Authority matching funds for Brownfields Program administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Authority maintains certain furnishings and office equipment for its corporate purposes. Total capital assets as of June 30, 2010 were \$1,311 net of accumulated depreciation. There were no capital asset purchases during fiscal year 2010.

The Authority has no long term debt but does issue tax-exempt bonds on behalf of public entities, political subdivisions of the State of Missouri and public and private companies to finance certain eligible projects. These bonds are considered to be non-recourse conduit debt obligations and, as such, are not included in the Authority's financial statements. As of June 30, 2010, approximately \$2.0 billion of bonds were outstanding.

BUDGET VARIATIONS

General Operations revenues and expenditures for the Authority were greatly influenced by the continued turmoil in the financial markets, the decrease of Private Activity issuances, and the overall availability of ARRA funding. As such, revenues were significantly less than budgeted in fiscal year 2010.

Although revenues and expenditures for the Market Development Program were considerably higher than the prior year, revenues and direct financial assistance amounts were still less than originally budgeted. Revenues and expenditures are budgeted based on the total project funds available plus a reasonable amount of unexpended funds carried over from previous awards; however, all project funds may not be awarded that year and those awarded may not be expended in that fiscal year.

As previously discussed, there was a considerable increase in the amount of financial activity under the Brownfields Revolving Loan Program during fiscal year 2010 due to the additional ARRA funding received. As such, both revenues and expenditures exceeded budget due to increased participation in the program.

ECONOMIC FACTORS AND SUBSEQUENT EVENTS

A substantial portion of the Authority's annual revenues are derived from fees related to bond issuances under the State Revolving Fund Program, the Private Activity Bond Program, and the Energy Efficiency Leveraged Loan Program. Revenues earned under these bond issuance programs are subject to influences outside the control of the Authority. Annual participation is unpredictable and highly variable as was evidenced this fiscal year when the Authority's typical spring and fall SRF closings were postponed; an SRF issuance is currently scheduled for the fall of fiscal year 2011. Although a \$205 million SRF refunding transaction was developed and closed during the fiscal year, there were not any private activity bond issuances or Energy Efficiency Leveraged Loans during the year.

The State Revolving Fund has been undergoing programmatic and regulatory changes. Fiscal year 2010 saw continued economic strains in the financial markets. These conditions continued through the year, but have started a very slow return. It is unknown what these economic conditions and evolutions will mean to the future utilization of the program. The Authority is making structural changes to the program in response to the current markets. While it is likely, we do not know that these changes will be permanent; however, SRF issuances under this structure will be smaller in size than in the past and, consequently, lower revenues are anticipated.

Missouri received approximately \$146 million of water and sewer grant and loan funding through ARRA in 2009. The legislation required the funds be awarded to shovel ready projects before February 17, 2010, and required that a portion of the funds be awarded as grants. In order for the State to fully utilize these funds, ARRA funds were given priority over traditional SRF water and sewer funding that might otherwise have been available. All of the ARRA funding plus a considerable amount of SRF equity was expended in this initiative. Public interest in water and sewer construction appears to remain at elevated levels. Federal fiscal year 2011 SRF appropriations again require a portion of the State's allocation be awarded as grants, which will result in smaller SRF bond issuances going forward.

During the fiscal year the Authority entered into a Memorandum of Understanding (MOU) with the Department of Natural Resources (DNR), Division of State Parks. The Authority has committed to provide financial assistance for the construction of water and sewer improvements in State Parks not to exceed \$2,500,000 over the next three years. Several projects are currently under design, while others are under actual construction. This initiative will considerably decrease net assets in future fiscal years, but as of June 30, 2010, no funding had been expended to DNR.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**STATEMENT OF NET ASSETS
June 30, 2010**

ASSETS

Cash	\$ 2,572,846
Investments	3,574,116
Accounts and grants receivable	639,558
Accrued interest	1,646
Prepaid and other assets	3,204
Capital assets, net	<u>1,311</u>
Total assets	<u>6,792,681</u>

LIABILITIES

Accounts payable	127,064
Accrued liabilities	<u>54,536</u>
Total liabilities	<u>181,600</u>

NET ASSETS

Invested in capital assets	1,311
Unrestricted	<u>6,609,770</u>
Total net assets	<u><u>\$ 6,611,081</u></u>

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
General operations	\$ 819,910	\$ 431,412	\$ -	\$ (388,498)
Market Development	840,262	-	839,613	(649)
Missouri Brownfields Revolving Loan Fund	526,131	-	472,175	(53,956)
Total governmental activities	<u>\$ 2,186,303</u>	<u>\$ 431,412</u>	<u>\$ 1,311,788</u>	<u>(443,103)</u>
General revenues:				
				102,301
Investment income				26
Miscellaneous income				
Total general revenues				<u>102,327</u>
Change in net assets				(340,776)
Net assets, beginning of year				<u>6,951,857</u>
Net assets, end of year				<u>\$ 6,611,081</u>

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	Major Funds			
	General	Market Development Program	Missouri Brownfields Revolving Loan Fund	Total Governmental Funds
ASSETS				
Cash	\$ 2,364,505	\$ 208,341	\$ -	\$ 2,572,846
Investments	3,574,116	-	-	3,574,116
Accounts and grants receivable	143,947	257,636	237,975	639,558
Due from other funds	286,722	-	-	286,722
Accrued interest	1,646	-	-	1,646
Prepaid and other assets	2,814	150	240	3,204
Total assets	<u>\$ 6,373,750</u>	<u>\$ 466,127</u>	<u>\$ 238,215</u>	<u>\$ 7,078,092</u>
LIABILITIES				
Accounts payable	\$ 63,554	\$ 63,030	\$ 480	\$ 127,064
Accrued liabilities	54,536	-	-	54,536
Due to other funds	-	48,747	237,975	286,722
Total liabilities	<u>118,090</u>	<u>111,777</u>	<u>238,455</u>	<u>468,322</u>
FUND BALANCES				
Unreserved:				
Undesignated (deficit)	6,255,660	-	(240)	6,255,420
Designated for financial assistance agreements	-	354,350	-	354,350
Total fund balances	<u>6,255,660</u>	<u>354,350</u>	<u>(240)</u>	<u>6,609,770</u>
Total liabilities and fund balances	<u>\$ 6,373,750</u>	<u>\$ 466,127</u>	<u>\$ 238,215</u>	<u>\$ 7,078,092</u>

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds		\$ 6,609,770
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 117,289	
Less accumulated depreciation	(115,978)	
Capital assets, net		<u>1,311</u>
Net Assets of Governmental Activities		<u>\$ 6,611,081</u>

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Major Funds			
	General	Market Development Program	Missouri Brownfields Revolving Loan Fund	Total Governmental Funds
REVENUES				
General operations	\$ 476,412	\$ -	\$ -	\$ 476,412
Market development	-	839,613	-	839,613
Brownfields reimbursements	-	-	472,175	472,175
Investment income	101,415	886	-	102,301
Miscellaneous income	26	-	-	26
Total revenues	577,853	840,499	472,175	1,890,527
EXPENDITURES				
Personnel services	509,682	93,994	41,429	645,105
Contractual services	-	688,596	484,702	1,173,298
Operating expenditures	354,680	57,023	-	411,703
Total expenditures	864,362	839,613	526,131	2,230,106
Excess (deficiency) of revenues over expenditures	(286,509)	886	(53,956)	(339,579)
OTHER FINANCING SOURCES AND (USES)				
Transfers in	-	-	53,716	53,716
Transfers (out)	(53,716)	-	-	(53,716)
Total other financing sources and (uses)	(53,716)	-	53,716	-
Net change in fund balances	(340,225)	886	(240)	(339,579)
Fund balances, beginning of year	6,595,885	353,464	-	6,949,349
Fund balances, end of year	\$ 6,255,660	\$ 354,350	\$ (240)	\$ 6,609,770

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ (339,579)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	<u>(1,197)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (340,776)</u></u>

The notes to the financial statements are an integral part of these statements.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUND

June 30, 2010

ASSETS

Cash	\$ 614,559
Investments	3,221,037
Accrued interest	<u>11,325</u>
Total assets	<u>3,846,921</u>

LIABILITIES

Accounts payable	350
Funds held for others	<u>3,846,571</u>
Total liabilities	<u>3,846,921</u>

NET ASSETS

\$ -

The notes to financial statements are an integral part of these statements.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Background and purpose: The State Environmental Improvement and Energy Resources Authority (the "Authority"), created in 1972, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor of the State of Missouri (the "State"). The Authority is administratively placed in the Missouri Department of Natural Resources. The State's accountability for the Authority does not extend beyond making the Board appointments.

Due to the special independent status as "a body corporate and politic," the Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State of Missouri. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. The Authority receives fees for services provided in the issuance process.

The Authority is also empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the Authority's purposes.

The Authority has also been mandated by the General Assembly (RSMo 260.005 through 260.125) to implement a number of projects in cooperation with the Department of Natural Resources and the Department of Economic Development, including administering the Missouri Market Development Program which provides market development assistance through technical and financial support to businesses and organizations that develop marketable end-products from recycled materials. Funding for this program is provided through the Solid Waste Management Fund created by Senate Bill #530, passed in 1990 and subsequently amended.

The Authority, in cooperation with the Department of Natural Resources and other agencies, established and operates the State Revolving Fund (SRF), which provides financing to communities and districts for construction of clean water and drinking water projects.

The Authority is also a provider of technical research for the State of Missouri. Studies have been requested by the General Assembly and have been conducted on numerous energy and environmental issues, including energy usage and efficiency and solid and hazardous waste. Partnerships have also been created with entities, both public and private, to promote and educate Missouri's citizens on a variety of environmental and energy related topics.

Basis of presentation: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report the overall information on the Authority without displaying individual funds. These statements exclude information about fiduciary activities where the Authority holds assets in an agency capacity for others since these funds cannot be used to support the Authority's own programs. The effect of interfund activities has also been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment income and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Authority uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary.

The Authority reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Authority. It is used to account for all financial resources and activities of its basic operations except those required to be accounted for in another fund.

Market Development Program Fund (Special Revenue Fund) - The Market Development Program Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. This fund specifically accounts for activities of the Missouri Market Development Program as described in Note 5.

Missouri Brownfields Revolving Loan Fund (Special Revenue Fund) – The Missouri Brownfields Revolving Loan Fund is used to administer grant awards and cooperative agreements to states, political subdivisions and tribes as described in Note 5.

Additionally, the Authority reports the following fiduciary fund type:

Weatherization Program Fund – This agency fund is used to account for the flow of funds from AmerenUE, AmerenUE Gas, Laclede Gas, and Atmos Energy Corporation to recipient weatherization agencies within each company's service area as further described in Note 6.

Basis of accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The governmental fund and fiduciary fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. As such, the Authority recognizes revenue on application fees when received since the fees are nonrefundable and the earnings process is complete in a short period of time. The Authority recognizes revenue on issuance fees at the time of issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to bond issuances are recognized when incurred as there is no reasonable method of allocating them to issuance revenues because of the above-mentioned uncertainties. Grant revenues are recognized when reimbursable grant expenditures are made.

Income taxes: The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Investments: Missouri Statutes and legal opinions authorize the Authority to invest in certain types of investments including, but not limited to, certificates of deposit, U.S. Treasury and federal agency securities, and obligations of Missouri. The Authority reports investments at fair value in the financial statements, with changes in fair value reported as an item of revenue or expense in the statement of revenues, expenditures, and changes in fund balances. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Capital assets: Capital assets with a cost of more than \$1,000 on an individual basis are capitalized and reported at historical cost in the government-wide financial statements. Depreciation is calculated using the straight line method over the estimated useful life of the capital assets and reported in the Statement of Activities. Capital expenditures are recorded as expenditures in the governmental funds financial statements.

Fund equity and net assets: The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. Designated fund balances represent tentative plans for future use of financial resources.

In the government-wide financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Conduit debt obligations: Notes and bonded indebtedness issued by the Authority to pay for the costs of projects which provide for the conservation of air, land and water resources, and reduce the pollution thereof, and for proper methods of disposing of solid waste materials are not liabilities of the Authority or the State, but are the liability of the organization to which title of the project passes. Accordingly, such conduit debt obligations are not reported as liabilities in the accompanying balance sheet. As of June 30, 2010, the aggregate principal amount of such obligations payable totaled approximately \$2 billion.

2. DEPOSITS AND INVESTMENTS

Deposits:

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investments or collateral securities that are in possession of the outside party. As of June 30, 2010, no investments were uninsured and unregistered, and all securities were held by the counterparty or by its trust departments or agent in the Authority’s name.

The Authority's cash balance consisted of cash deposits and certificates of deposit. The carrying amount of the Authority's deposits, including certificates of deposit, with financial institutions at June 30, 2010, was \$6,133,774 and the bank balance was \$6,227,465. As of June 30, 2010, the Authority's bank balance was exposed to custodial credit risk as follows:

Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 1,104,305
Amount collateralized with securities held by financial institutions pledged in the Authority's name	5,123,160
Total bank balance	<u>\$ 6,227,465</u>

As required by Missouri law, the depository bank is to pledge securities in addition to FDIC coverage to equal the amount on deposit at all times. As of June 30, 2010, all deposits were fully collateralized.

Investment Policy:

Missouri Statutes and legal opinions authorize the Authority to invest in certain types of investments including, but not limited to, certificates of deposit, U.S. Treasury and federal agency securities, and obligations of Missouri.

Investments were as follows as of June 30, 2010:

	<u>Fair Value</u>
Certificates of deposit	\$ 3,560,928
U.S. government and agency securities	<u>13,188</u>
Total investments	<u>\$ 3,574,116</u>

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. As of June 30, 2010, the Authority held no single issue exceeding 5% of the portfolio, excluding U.S. government securities.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. As of June 30, 2010, all investments were guaranteed by the U.S. Government.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Duration is a measure of debt instrument's exposure to a change in interest rates and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows as a percentage of the instruments' full price. The Authority's interest rate risk is mitigated through the duration of investments outlined in its investment policy.

Foreign Currency Risk:

In accordance with its investment policy, the Authority held no foreign investments or currency as of June 30, 2010.

3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

	July 1, 2009	Additions	Disposals	June 30, 2010
Office furniture and equipment	\$ 128,923	\$ -	\$ (15,905)	\$ 113,018
Leasehold improvements	4,271	-	-	4,271
	133,194	-	(15,905)	117,289
Less: Accumulated depreciation	(130,686)	(1,197)	15,905	(115,978)
Equipment and leasehold improvements, net	\$ 2,508	\$ (1,197)	\$ -	\$ 1,311

4. EMPLOYEES' RETIREMENT PLAN

The Authority's employees are participants in the statewide Missouri State Employees' Retirement System (the System), a single-employer defined benefit public employees' retirement plan. Total payroll costs for Authority employees covered by the System for the year ended June 30, 2010 were \$438,986.

The System provides retirement, death and disability benefits to its members. Benefits for general State employees are fully vested after five years of credited service. Such employees may retire with full benefits upon the earliest of attaining (1) age 65 and active with four years of service; (2) age 65 with 5 years of service; (3) age 60 with fifteen years of service; (4) age 50 with age and service equaling 80 or more. General employees may retire early on or after age 55 (with ten years of credited service) and receive reduced benefits.

State statutes require the Authority make all necessary contributions to the System. Employees are not required to contribute to the System. The Authority's required contribution for the year ended June 30, 2010 totaled \$55,977, which represented approximately 12.75% of covered payroll for the year then ended.

The Authority's required contributions are expressed as a level percentage of covered payroll and are actuarially determined using an individual entry-age cost method. The prior service costs are amortized over an amortization period of 27 years.

The Authority's contributions for the year ended June 30, 2010 represented .022% of total contributions required of all participating State agencies and departments.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's Comprehensive Annual Financial Report. A copy of the report can be obtained from the System at 907 Wildwood Drive, Jefferson City, MO 65102.

As of June 30, 2009, the latest available actuarial report, the present value of the plan as a whole for the System's actuarial accrued liabilities was as follows:

	June 30, 2009 (in thousands)
Active members	\$ 4,200,842
Members on leave of absence and long term disability	106,776
Terminated vested members	449,329
Retired lives	4,737,303
Installment payments incurred, but not yet paid	557
Total actuarial accrued liability	9,494,807
Assets used in valuation	7,876,079
Unfunded actuarial accrued liability	\$ 1,618,728

5. PROGRAMS

The Authority conducts a variety of programs which include the following:

State Revolving Fund Program

The Missouri State Revolving Fund (SRF) Program was initiated cooperatively by the Authority and the Missouri Department of Natural Resources in November, 1987. The SRF Program was developed pursuant to Title VI of the Clean Water Act and was formally approved in 1990 by the Missouri Clean Water Commission and the U.S. Environmental Protection Agency (EPA). Amendments to the federal Safe Drinking Water Act in 1996 authorized a drinking water revolving loan program. Missouri developed its program and corresponding regulations around the Clean Water program. The new program was approved by the Missouri Safe Drinking Water Commission and the EPA.

The SRF Program is a loan, not a grant-based, program. The program enables communities to borrow for terms not to exceed 20 years on a subsidized tax-free basis. Currently, the SRF subsidy is 70% of current market interest rate for clean water participants and drinking water participants. The monies in the fund can be reloaned or "revolve" in perpetuity for the benefit of other communities.

The SRF Program is funded through a combination of federal capitalization grants (83.33%) and State matching funds (16.67%). The State match for the Clean Water program is funded through the sale of Water Pollution Control Bonds and/or state match bonds while the match for the Drinking Water program is funded from general revenues and/or state match bonds.

Missouri Market Development Program

Pursuant to Senate Bill #530, Section 260.335, in March 1992, the Authority entered into an interagency agreement with the Missouri Department of Natural Resources (DNR) and the Missouri Department of Economic Development to promote markets for recycled materials and to provide financial assistance for businesses which use recycled materials in making new products. As required in that legislation, the program was provided annual funding of \$1,000,000 upon appropriation by the Missouri Legislature. The funds come from the Solid Waste Management Fund. Pursuant to House Bill #1040, the funding available changed to \$648,000 for fiscal 2005. For fiscal 2006 and beyond, Senate Bill #230 provides \$800,000 from solid waste

tipping fees for the program annually. Solid waste tipping fees are a per ton fee levied on solid waste disposed at landfills and transported out of state for disposal through transfer stations. Additional program assistance has been secured through contracts with the University of Missouri Extension Service and the Missouri Business Assistance Center. For FY11 the Authority will be utilizing the Missouri Business Assistance Center and the Missouri Council of Governments. The Missouri Department of Economic Development has been and will continue to be used in an advisory capacity.

The Authority's Market Development Program Fund is reimbursed by DNR for Authority overhead expenses incurred on behalf of the program. Such amounts totaled \$45,000 for the year ended June 30, 2010 and are included in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds in the Market Development Program Fund as both market development revenue and operating expenditures and in the General Fund as general operations revenues.

Energy Efficiency Leveraged Loan Program

The Energy Efficiency Leveraged Loan Program was developed cooperatively by the Authority and the Department of Natural Resources' Missouri Energy Center in 2001 with the first bonds issued in early 2002. The program was developed pursuant to Sections 640.651 through 640.686 (the Energy Act) of the Revised Statutes of Missouri, which allows low interest financing for energy efficient projects for schools and local governments. The Energy Center has been providing direct loans to entities since 1989 and has been leveraging funds through the Authority since 2001.

The Energy Efficiency Leveraged Loan Program enables eligible entities to borrow funds for energy efficient projects at a below market interest rate. The repayment for the loan must be made from the cost savings generated by the project. Loans are limited to a term of ten years or 80% of the useful life of the project if it exceeds 10 years. The size of the loan is dependent upon the cost savings the project generates. The program is funded through the set-aside fund of the Energy Center.

Missouri Brownfields Revolving Loan Fund

The Brownfields Revolving Loan Program is an EPA initiative under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, 42 U.S.C. Section 9601) as amended by the Small Business Relief and Brownfields Revitalization Act. Under the program, funds are made available through grant awards and cooperative agreements to states, political subdivisions and tribes. These grant funds are to provide for the establishment, administration/management and funding of a revolving loan and sub grant program to clean up contaminated properties known as brownfields. The EPA defines brownfields as real property, for which the expansion, redevelopment or re-use may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant.

The program is funded through a combination of federal grants (83.33%) and Authority matching funds (16.67%). The program enables participants to borrow cleanup funds for relatively short periods of time at low interest rates. In limited, exceptional circumstances, sub-grant funds may be available to eligible entities. Loan repayments will be made available to loan to additional applicants.

Missouri's program is a cooperative effort between the EPA, the Authority and the Missouri Department of Natural Resources. The initial grant of \$1,000,000 was awarded by the EPA in late 2005. The Authority is providing the required matching funds as well as day to day administration/management of the Program.

6. AGENCY FUND

On July 16, 2002, AmerenUE entered into a Stipulation and Agreement to resolve the issues pending in Case Number EC-2002-1 before the Missouri Public Service Commission. As part of such agreement, AmerenUE

agreed to create a weatherization fund for its low-income electric utility customers. The Weatherization Fund was to be initially funded with \$2,000,000 on September 1, 2002 and additional contributions of \$500,000 made each year for the following four years. A collaborative committee was established to develop plans by which the fund would be utilized.

The collaborative committee, consisting of staff of the Public Service Commission, Office of Public Counsel, AmerenUE and the Missouri Department of Natural Resources, determined the funds would be deposited into an account established by the Authority and disbursed to weatherization agencies within the AmerenUE service area. Subsequently, the Authority, DNR, the Public Service Commission and AmerenUE entered into a Cooperation and Funding Agreement outlining the responsibilities of DNR, the Authority and AmerenUE relating to program administration.

The Cooperation and Funding Agreement required AmerenUE to make an initial contribution to the fund of \$2,000,000 and an additional \$500,000 plus interest, as determined by AmerenUE, on or before June 30, 2003, June 30, 2004, June 30, 2005 and June 30, 2006. The Authority was required to deposit all payments of the fund into an interest bearing and collateralized account and to disburse funds to the appropriate weatherization agency upon the receipt of a complete and signed disbursement request from DNR. The funds are to be distributed to the fourteen weatherization agencies in AmerenUE's service territory according to a formula established by the collaborative committee and are to be spent in a manner consistent with the Federal Weatherization Assistance Program as administered by DNR.

Pursuant to a process similar to that described above, in 2007 Cooperation and Funding agreements were entered into with regard to four new weatherization funding programs. AmerenUE will provide \$1,200,000 per year for weatherization activities for the benefit of its electric customers. Laclede Gas will provide \$950,000 per year for weatherization activities for the benefit of natural gas space-heating customers. Ameren UE will provide \$263,000 per year for weatherization activities for the benefit of its natural gas space-heating customers. Atmos Energy Corporation provided \$100,000 for the initial year and an amount to be determined by the Collaborative Committee in successive years for weatherization activities for the benefit of its gas space-heating residential customers.

All weatherization funds are administered in the same manner as described above. Weatherization monies are held in one bank account with each entity's monies accounted for separately. Interest earned is divided on a pro rata basis between each fund based upon its balance at the end of the month. Expenses are divided equally between the funds.

Assets held by the Authority at June 30, 2010, under the terms of the agreement totaled \$3,846,921.

7. COMMITMENTS

The Missouri Market Development Program Financial Assistance Awards are Board-approved and may be drawn upon throughout the agreement term. As of June 30, 2010, \$187,999 had been approved but not yet distributed. The Authority's Market Development Program fund balance of \$354,350 at June 30, 2010 has been designated for this commitment.

The Board approved the Authority to enter into an agreement with the Missouri Department of Natural Resources/Division of State Parks to finance various water and wastewater improvement projects. The Authority agreed to provide an amount not to exceed \$2,500,000. As of June 30, 2010, the Authority had not made any disbursements relating to the aforementioned agreement.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Authority carries commercial insurance for property and theft of assets and workers' compensation. The Authority is self-insured for all other risks of loss.

The Authority had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. There were no substantive changes made in the types and amounts of the Board's insurance coverage during fiscal 2010.

9. POST-EMPLOYMENT RETIREE HEALTHCARE

The Authority participates in a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Missouri Consolidated Health Care Plan (MCHCP). The plan provides medical benefits to retirees of participating governmental entities. Retirees who had medical insurance coverage for six months immediately prior to termination or state-sponsored medical coverage since the effective date of the last enrollment period (or since first eligible), before they are eligible to retire, may continue coverage into retirement. MCHCP issues a publicly available financial report that includes financial statements and required supplementary information for the postemployment health care plan. The report may be obtained by writing to the MCHCP, 832 Weathered Rock Court, P.O. Box 104355, Jefferson City, MO 65110-4355 or by calling (800) 487-0771.

Plan funding requests are actuarially determined, approved by the MCHCP Board of Trustees, and subject to appropriation by the Missouri General Assembly. The Authority contributed \$23,454 in fiscal year 2010 in accordance with the state's funding policy toward the annual required contribution for post-employment retiree healthcare.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance Positive/ (Negative)
REVENUES			
General operations	\$ 739,000	\$ 476,412	\$ (262,588)
Investment income	168,100	101,415	(66,685)
Miscellaneous income	600	26	(574)
Total revenues	907,700	577,853	(329,847)
EXPENDITURES			
Personnel services:			
Per diem	1,000	675	325
Office salaries	355,000	349,964	5,036
Payroll taxes	29,000	25,861	3,139
Fringe benefits	106,000	111,723	(5,723)
Travel	26,000	18,650	7,350
Travel-Board	6,000	2,809	3,191
Total personnel services	523,000	509,682	13,318
Operating expenditures:			
SRF legal fees - bonds	74,000	-	74,000
SRF legal fees - general	20,000	99,556	(79,556)
SRF legal expenses - bonds	1,000	-	1,000
Legal fees - other bond issues	20,000	11,575	8,425
Legal fees - general	8,000	8,428	(428)
Legal expenses - general	1,000	2,003	(1,003)
Accounting fees	8,000	12,550	(4,550)
Audit fees	15,000	17,500	(2,500)
Professional fees	45,000	65,753	(20,753)
Equipment maintenance	1,000	105	895
Telephone	8,000	6,693	1,307
Publication design	3,000	4,994	(1,994)
Public information	500	-	500
Office supplies	10,500	6,639	3,861
Postage	3,500	3,255	245

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

	Budget	Actual	Variance Positive/ (Negative)
Operating expenditures (continued):			
Membership dues	6,000	6,465	(465)
Conference registration fees	4,000	1,277	2,723
Publications and subscriptions	3,500	6,543	(3,043)
Training	2,500	249	2,251
Board meetings	2,000	642	1,358
Miscellaneous and administration	1,500	1,111	389
Advertising/legal notices	9,000	3,543	5,457
Office maintenance	3,000	2,502	498
Rent	36,000	34,770	1,230
Utilities	5,000	4,332	668
Insurance	500	357	143
Parking	2,600	2,400	200
Equipment expense	2,000	397	1,603
Computer equipment	2,500	1,041	1,459
EIERA Environmental Initiatives	81,600	50,000	31,600
Workers' compensation contingency	4,500	-	4,500
Total operating expenditures	384,700	354,680	30,020
Deficiency of revenues over expenditures	-	(286,509)	(286,509)
OTHER FINANCING (USES)			
Transfers (out)	-	(53,716)	(53,716)
Total other financing (uses)	-	(53,716)	(53,716)
Net change in fund balance	\$ -	\$ (340,225)	\$ (340,225)

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**MARKET DEVELOPMENT PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance Positive/ (Negative)
REVENUES			
Market development	\$ 1,343,769	\$ 839,613	\$ (504,156)
Investment income	-	886	886
Total revenues	1,343,769	840,499	(503,270)
EXPENDITURES			
Personnel services:			
Administrative:			
Program director	57,000	38,837	18,163
Program assistant	30,000	24,777	5,223
Payroll taxes	5,000	3,934	1,066
Fringe benefits	28,000	25,984	2,016
Travel	2,500	462	2,038
Total personnel services	122,500	93,994	28,506
Contractual services:			
Business assistance:			
Encumbered direct financial assistance	223,109	148,511	74,598
Direct financial assistance	720,960	327,169	393,791
Technical assistance:			
Missouri Enterprise	115,000	115,000	-
Contract Extension	100,000	97,916	2,084
IMES	400	-	400
Total contractual services	1,159,469	688,596	470,873
Operating expenditures:			
Administrative:			
Legal fees	1,200	1,718	(518)
Accounting fees	1,500	1,800	(300)
Publications/exhibits/meetings	300	-	300
Conference/registration	600	125	475
Direct costs	2,500	2,073	427

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**MARKET DEVELOPMENT PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

	Budget	Actual	Variance Positive/ (Negative)
Operating expenditures (continued):			
EIARA expenses	10,000	10,000	-
EIARA salary and fringes	35,000	35,000	-
Business assistance:			
Legal fees	6,000	5,883	117
Publications/exhibits/meetings	2,500	-	2,500
Travel expense	2,000	414	1,586
Miscellaneous	200	10	190
Total operating expenditures	61,800	57,023	4,777
Total expenditures	1,343,769	839,613	504,156
Excess of revenues over expenditures	-	886	886
Net change in fund balance	\$ -	\$ 886	\$ 886

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**MISSOURI BROWNFIELDS REVOLVING LOAN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance Positive/ (Negative)
REVENUES			
Brownfields reimbursements	\$ 270,700	\$ 472,175	\$ 201,475
Total revenues	270,700	472,175	201,475
EXPENDITURES			
Personnel services:			
Office salaries	36,500	29,851	6,649
Payroll taxes	2,750	-	2,750
Fringe benefits	11,000	11,578	(578)
Total personnel services	50,250	41,429	8,821
Contractual services:			
Loans and subgrants	200,000	442,305	(242,305)
Environmental contracting	5,000	10,726	(5,726)
Training	200	-	200
Office supplies/printing	1,000	-	1,000
Legal	10,000	25,213	(15,213)
Travel	3,000	2,327	673
Accounting and financial advisor fees	4,000	4,131	(131)
Total contractual services	223,200	484,702	(262,044)
Total expenditures	273,450	526,131	(253,223)
Deficiency of revenues over expenditures	(2,750)	(53,956)	(51,206)
OTHER FINANCING SOURCES			
Transfers in	-	53,716	53,716
Total other financing sources	-	53,716	53,716
Net change in fund balance	\$ (2,750)	\$ (240)	\$ 2,510

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

SCHEDULE OF INVESTMENTS HELD

June 30, 2010

Description	Maturity Date	Interest/ Yield Rate	Fair Value
GENERAL FUND			
CERTIFICATES OF DEPOSIT:			
Certificate of Deposit	07/11/10	2.10%	\$ 248,768
Certificate of Deposit	09/21/10	2.32%	602,160
Certificate of Deposit	10/13/10	1.90%	210,000
Certificate of Deposit	10/20/10	1.90%	400,000
Certificate of Deposit	11/11/10	0.99%	300,000
Certificate of Deposit	12/30/10	1.35%	800,000
Certificate of Deposit	02/11/11	2.12%	1,000,000
Total certificates of deposit			<u>3,560,928</u>
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:			
GNMA	05/15/22	8.00%	2,700
GNMA	05/15/22	7.00%	6,278
GNMA	06/14/22	7.50%	1,011
GNMA	06/15/22	7.50%	3,199
Total Government National Mortgage Association			<u>13,188</u>
Total investments - general fund			<u><u>\$ 3,574,116</u></u>

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '92 Projects				
City of Maryville	\$ 43,000	\$ 43,000	\$ -	\$ -
Memphis City Sanitation	8,500	8,500	-	-
Galamet, Inc.	50,000	50,000	-	-
Recycled Plastics Corp.	50,000	50,000	-	-
Spectrum Technologists	16,990	16,990	-	-
The Surplus Exchange	35,000	35,000	-	-
Ultra-Technologies	17,000	17,000	-	-
Cooperative Workshops, Inc.	49,750	49,750	-	-
Boonslick Industries	15,000	15,000	-	-
Jamegy, Inc.	25,000	25,000	-	-
Recycled Plastic Resins, Inc.	50,000	50,000	-	-
Missouri Enterprise	49,433	49,433	-	-
Versa-Tag, Inc.	8,280	8,280	-	-
Gateway to Gardening	40,200	40,200	-	-
Louisiana-Pacific Corp.	92,000	92,000	-	-
Williams & Jelks	50,000	50,000	-	-
Print-Pak, Inc.	85,500	85,500	-	-
FY '93 Projects				
Sanders Enterprises, Inc.	75,000	75,000	-	-
Reclaim, Inc.	75,000	75,000	-	-
Midway Plastics, Inc.	25,000	25,000	-	-
Sikeston Recycling	75,000	75,000	-	-
USA Recycling, Inc.	75,000	75,000	-	-
P.K. Insulation Manufacturing Co., Inc.	75,000	75,000	-	-
Environmental Recycling, Inc.	63,000	63,000	-	-
FY '94 Projects				
Bryant Plastics, Inc.	75,000	75,000	-	-
Come Play Products Company	75,000	75,000	-	-
Environmental Defense Fund	15,000	15,000	-	-
Bridging the Gap	10,000	10,000	-	-
Tri-Smith Plastic Recyclers, Inc.	50,000	50,000	-	-
ALB Enterprises, Inc.	35,000	35,000	-	-

**STATE ENVIRONMENTAL IMPROVEMENT
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**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '95 Projects				
Miller Manufacturing and Lumber	\$ 50,000	\$ 50,000	\$ -	\$ -
Ozark Mountain Resins	50,000	50,000	-	-
Paint Solutions	45,000	45,000	-	-
Recovery and Recycling	50,000	50,000	-	-
Coon Manufacturing	75,000	75,000	-	-
Pnu-Light Tool	75,000	75,000	-	-
Recycled Plastic Resins	63,000	63,000	-	-
NEMO Recycling	75,000	75,000	-	-
B and B Pallet Supply	45,000	45,000	-	-
The Pallet Connection	35,000	35,000	-	-
FY '96 Projects				
RSS Recycling	37,500	37,500	-	-
M & H Pallet Company	75,000	75,000	-	-
C & C Pallet Company	75,000	75,000	-	-
Sunset Turf Nurseries, Inc.	75,000	75,000	-	-
Osage Ag Concerns	75,000	75,000	-	-
American Disposal Services of Missouri	75,000	75,000	-	-
P.K. Insulation Manufacturing Company	50,000	50,000	-	-
FY '97 Projects				
City of St. Peters	97,768	97,768	-	-
For The Children, Inc.	150,000	150,000	-	-
Ozark Rivers Environmental	150,000	150,000	-	-
Strategic Materials, Inc.	75,000	75,000	-	-
Plastec, Inc.	75,000	75,000	-	-
S & S Wood Products	75,000	75,000	-	-
Coon Manufacturing	75,000	75,000	-	-
Bryant Plastics	33,430	33,430	-	-

**STATE ENVIRONMENTAL IMPROVEMENT
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**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '98 Projects				
PR Recycling	\$ 60,000	\$ 60,000	\$ -	\$ -
Dura Board, Inc.	60,000	60,000	-	-
Second Chance Materials	60,000	60,000	-	-
Dept. of Public Works, City of Springfield	60,000	60,000	-	-
Dept. of Public Works, City of Lee's Summit	28,710	28,710	-	-
Agricultural Waste Management, Inc.	30,000	30,000	-	-
Missouri Enterprise Business Assistance	67,325	67,325	-	-
Panel Products	60,000	60,000	-	-
FY '99 Projects				
Loganbill Shavings	50,000	50,000	-	-
Advance Toner	49,384	49,384	-	-
Canbrands International	23,959	23,959	-	-
Lucent Recycling	40,875	40,875	-	-
FY '00 Projects				
CNC Recycling	42,450	42,450	-	-
Green Farm Pilot	48,750	48,750	-	-
NuRoad Systems	170,000	170,000	-	-
UMR/Futuretek	159,000	159,000	-	-
Central Paper	50,000	50,000	-	-
B&B Organics	37,500	37,500	-	-
Canbrands(2)	50,000	50,000	-	-
Organic Res. Management	50,000	50,000	-	-
Coolbrook Corp.	50,000	50,000	-	-
Enviro Tech	50,000	50,000	-	-
FY '01 Projects				
Coon Manufacturing	50,000	50,000	-	-
EnviroPak	50,000	50,000	-	-
Mountain Ridge Recycling	50,000	50,000	-	-
Midwest Mulch Manufacturing	35,000	35,000	-	-
Tico Manufacturing	50,000	50,000	-	-
Tiro-Block	50,000	50,000	-	-
Proctor and Gamble	50,000	50,000	-	-
City of Columbia	50,000	50,000	-	-
Reynolds County Sheltered Workshop	50,000	50,000	-	-

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '02 Projects				
Apple Cabinets	\$ 22,425	\$ 22,425	\$ -	\$ -
BioSpan Technologies	50,000	50,000	-	-
Bryant Plastics	32,500	32,500	-	-
DMR Plastics	50,000	50,000	-	-
Loganbill Shavings & Mulch	50,000	50,000	-	-
Magic Green Corp	50,000	50,000	-	-
Missouri Hardwood Products	50,000	50,000	-	-
PK Insulation	50,000	50,000	-	-
Second Chance	44,189	44,189	-	-
USA Recycling	50,000	50,000	-	-
Waste Not Recycling	49,950	49,950	-	-
Welch Products	50,000	50,000	-	-
FY '03 Projects				
Baden Car Parts, Inc.	50,000	50,000	-	-
Coon Manufacturing, Inc.	26,548	26,548	-	-
Forrest Keeling Nursery, Inc.	50,000	50,000	-	-
ORMI	25,000	25,000	-	-
SandVista	50,000	50,000	-	-
Sho-Me Pallets	50,000	50,000	-	-
The Smashed Chefs	25,867	25,867	-	-
TRI-Rinse, Inc.	37,384	37,384	-	-
Web Innovations & Tech. Services	50,000	50,000	-	-

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '04 Projects				
BFC Composting	\$ 50,000	\$ 50,000	\$ -	\$ -
Birdville USA LLC	50,000	50,000	-	-
Encore Building Solutions, Inc.	50,000	50,000	-	-
Flick Seed Company	50,000	50,000	-	-
Hi-Tech Charities	50,000	50,000	-	-
Horner Charcoal, Inc.	50,000	50,000	-	-
Irresistible Community Builders	50,000	50,000	-	-
Lamar Feed & Grain, Inc.	44,253	44,253	-	-
Missouri Botanical Gardens	21,000	21,000	-	-
Missouri REI Study	38,109	38,109	-	-
Southland Flooring Supplies	50,000	50,000	-	-
Windswept Worm Farm LLC	50,000	50,000	-	-
Young's Innovations	3,633	3,633	-	-
FY '05 Projects				
Fiberlite Technology, Inc.	50,000	50,000	-	-
Grisham Farm Products, Inc.	46,275	46,275	-	-
J&J Industrial Supply, Inc.	50,000	50,000	-	-
Missouri Bio-Fuels, LLC	45,656	45,656	-	-
Missouri Organic Recycling	50,000	50,000	-	-
Remains, Inc.	50,000	50,000	-	-
Rustique, Inc.	50,000	50,000	-	-
Ryan Enterprise, Inc.	50,000	50,000	-	-

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '06 Projects				
C.H.P. Environmental, Inc.	\$ 50,000	\$ 50,000	\$ -	\$ -
DoCo, Inc.	50,000	50,000	-	-
EPC, Inc.	34,800	34,800	-	-
International Mulch Company, Inc.	40,000	40,000	-	-
Loganbill Enterprises, Inc.	50,000	50,000	-	-
Missouri Botanical Gardens	5,400	5,400	-	-
Nike IHM	50,000	50,000	-	-
Recycling Concepts, Inc.	50,000	50,000	-	-
Strategic Materials, Inc.	50,000	50,000	-	-
FY'07 Projects				
Bart Menning Tree Service LLC.	50,000	50,000	-	-
Customix Corp	23,317	23,317	-	-
Coon Mfg., Inc.	22,877	22,877	-	-
DCAL Services, LLC	39,000	39,000	-	-
Laclede Industries, Inc.	49,287	49,287	-	-
Mtn. Vue Enterprises, LLC	50,000	-	50,000	-
Plastic Lumber Co. of America, LLC	50,000	50,000	-	-
RAMM Enterprises, Inc. **	50,000	50,000	-	-
Sunshine Recycling	42,000	42,000	-	-
Wahlco/DW Tool, Inc.	50,000	50,000	-	-
FY'08 Projects				
Alternative Community Training, Inc.	50,000	24,664	-	25,336
Central Missouri Poultry Procedures	23,332	23,205	127	-
Eco Recycling, Inc.	50,000	-	50,000	-
Eharas Service & Solutions, Inc.	50,000	50,000	-	-
Halphin Enterprises dba Windswept Worm Farm	35,000	30,102	4,898	-
Hansen's Tree Service & Environmental Wood	50,000	50,000	-	-
Loganbill Enterprises, Inc.	35,000	-	35,000	-
Performance Roof Systems	50,000	50,000	-	-

** RAMM Enterprises, Inc. returned these funds to the Authority during the fiscal year 2008.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '09 Projects				
Asphalt Products, Inc	\$ 50,000	\$ -	\$ 50,000	\$ -
Cedar Ridge Innovations, LLC	50,000	50,000	-	-
Double G Brands, Inc.	50,000	50,000	-	-
Swift Construction Company, Inc.	50,000	42,252	-	7,748
Thomason Brothers, Inc.	50,000	50,000	-	-
FY '10 Projects				
All Points Recycling, LLC	45,500	-	45,023	477
BFC Composting	50,000	-	49,248	752
Braik Brothers Tree Care &				
Green Waste Recycling, LLC	50,000	-	50,000	-
Coon Mfg, Inc.	50,000	-	46,916	3,084
Enginuity, LLC	50,000	-	44,750	5,250
GT Management, LLC	50,000	-	50,000	-
Hampton Alternative Energy Products, LLC	50,000	-	-	50,000
Missouri Organic Recycling, Inc.	33,500	-	31,350	2,150
Randolph County Sheltered Industries	50,000	-	-	50,000
Sikeston Community Sheltered Workshop	50,000	-	50,000	-
Rustique Enterprises, Inc.	50,000	-	6,799	43,201
	<u>\$ 8,690,106</u>	<u>\$ 7,937,997</u>	<u>\$ 564,111</u>	<u>\$ 187,998</u>

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED AND OUTSTANDING

June 30, 2010

Issued and Outstanding	Series	Closing Date	Original Issue Amount	Balance Outstanding June 30, 2010
Ameren UE	1998A	09/04/98	\$ 60,000,000	\$ 60,000,000
Ameren UE	1998B	09/04/98	50,000,000	50,000,000
Ameren UE	1998C	09/04/98	50,000,000	50,000,000
Associated Electric Cooperative, Refunding	2008	03/12/08	71,550,000	71,550,000
Empire District Electric Company	1993	12/08/93	8,000,000	8,000,000
Energy Efficiency Master	2002A	02/07/02	4,910,000	230,000
Energy Efficiency Master	2004A	10/08/04	13,760,000	6,610,000
Energy Efficiency Master	2006A	01/25/06	14,775,000	11,065,000
Henry County Water	2004A	08/01/04	11,815,000	10,645,000
Kansas City Power & Light	1992	09/15/92	31,000,000	31,000,000
Kansas City Power & Light	1993	10/13/93	12,366,000	12,366,000
Kansas City Power & Light	2008	05/22/08	23,400,000	23,400,000
Middlefork Water Company	2001	05/24/01	1,620,000	360,000
Missouri-American Water Company	1998A	02/01/98	4,500,000	4,455,000
Missouri-American Water Company	1998B	11/24/98	19,000,000	18,475,000
Missouri-American Water Company	2000A	03/28/00	29,000,000	28,820,000
Missouri-American Water Company	2002A	04/24/02	15,000,000	14,810,000
Missouri-American Water Company	2006A	12/20/06	57,480,000	57,480,000
Raytown Water Company	2008	09/26/08	970,000	845,000
SRF, Springfield	1990	10/25/90	32,650,000	1,470,000
SRF, Lees Summit	1990B	01/06/91	9,695,000	440,000
SRF, Multiple Participant	1991A	01/14/91	13,550,000	3,150,000
SRF, Multiple Participant	1992A	06/16/92	48,295,000	2,270,000
SRF, Multiple Participant	1993A	09/08/93	22,425,000	5,315,000
SRF, Multiple Participant	1994A	08/18/94	12,215,000	995,000
SRF, Multiple Participant	1994B	12/01/94	43,230,000	8,115,000
SRF, Branson	1995A	05/02/95	17,450,000	5,785,000
SRF, Kansas City	1995B	04/25/95	18,000,000	775,000
SRF, Multiple Participant	1995C	06/29/95	30,000,000	1,015,000
SRF, Cape Girardeau	1995D	06/29/95	11,462,661	2,317,960
SRF, Multiple Participant	1995E	10/14/95	26,410,000	2,330,000
SRF, Kansas City	1996A	04/25/96	24,000,000	1,275,000
SRF, Multiple Participant	1996B	04/25/96	4,545,000	300,000
SRF, Multiple Participant	1996D	06/12/96	14,185,000	1,385,000
SRF, Multiple Participant	1996E	12/18/96	23,600,000	1,995,000
SRF, Multiple Participant, Refunding	1997A	06/25/97	15,785,000	1,895,000
SRF, Kansas City	1997B	04/24/97	22,235,000	1,195,000
SRF, Kansas City	1997C	04/24/97	5,730,000	1,380,000

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED AND OUTSTANDING

June 30, 2010

(continued)

Issued and Outstanding	Series	Closing Date	Original Issue Amount	Balance Outstanding June 30, 2010
SRF, Multiple Participant	1997D	06/05/97	\$ 24,060,000	\$ 3,510,000
SRF, Multiple Participant	1997 E	12/01/97	14,015,000	2,355,000
SRF, Multiple Participant	1997F	06/01/98	2,500,000	1,125,000
SRF, Multiple Participant	1998A	04/01/98	16,480,000	1,120,000
SRF, Multiple Participant	1998B	12/02/98	45,900,000	2,720,000
SRF, Multiple Participant	1999A	06/02/99	47,970,000	18,600,000
SRF, Multiple Participant	1999B	12/02/99	13,870,000	1,955,000
SRF, Multiple Participant	2000A	04/12/00	52,640,000	4,910,000
SRF, Multiple Participant	2000B	11/21/00	41,485,000	9,335,000
SRF, Multiple Participant	2001A	04/18/01	13,930,000	8,910,000
SRF, Multiple Participant	2001B	06/2/01	122,060,000	82,745,000
SRF, Multiple Participant	2001C	05/08/02	112,410,000	81,620,000
SRF, Multiple Participant	2002A	05/08/02	29,545,000	21,700,000
SRF, Multiple Participant	2002B	10/25/02	103,065,000	83,900,000
SRF, Little Blue Valley Sewer District	2003A	01/30/03	88,915,000	76,800,000
SRF, Multiple Participant	2003B	04/01/03	39,940,000	31,300,000
SRF, Multiple Participant	2003C	11/06/03	27,895,000	21,605,000
SRF, Multiple Participant	2004A	03/23/04	77,625,000	68,725,000
SRF, Multiple Participant	2004B	05/12/04	179,780,000	148,565,000
SRF, Multiple Participant	2004C	11/19/04	39,895,000	31,370,000
SRF, Multiple Participant	2005A	05/06/05	53,060,000	46,020,000
SRF, Multiple Participant	2005C	11/30/05	85,210,000	75,865,000
SRF, Multiple Participant	2006A	04/27/06	87,505,000	81,725,000
SRF, Multiple Participant	2006B	11/03/06	22,105,000	21,000,000
SRF, Multiple Participant	2007A	04/20/07	57,430,000	53,535,000
SRF, Multiple Participant	2007B	11/15/07	56,720,000	54,175,000
SRF, Multiple Participant	2008A	10/30/08	69,435,000	66,985,000
SRF, Multiple Participant Refunding	2010A	02/17/10	205,420,000	205,420,000
St. Joseph Light & Power	1995	06/14/95	5,600,000	5,600,000
St. Louis County Water	1998A	03/01/98	25,000,000	24,660,000
St. Louis County Water	1999A	03/24/99	40,000,000	39,195,000
Tri-County Water Authority	2010	06/01/10	10,525,000	10,525,000
Union Electric	1992	12/03/92	47,500,000	47,500,000
Union Electric	1993A	10/13/93	44,000,000	44,000,000
UtiliCorp United, Inc.	1993	05/26/93	5,000,000	5,000,000
			<u>\$ 2,783,098,661</u>	<u>\$ 1,987,588,960</u>

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED BUT MATURED

June 30, 2010

Issued but Refunded	Closing Date	Original Issue Amount
Alpha Portland Industries, Inc.	04/29/75	\$ 1,900,000
Alpha Portland Industries, Inc.	04/29/80	1,450,000
American Cyanamid Company	04/12/94	3,450,000
American Cyanamid Company	09/17/80	3,450,000
American Cyanamid Company	08/30/79	3,700,000
American Cyanamid Company	12/01/76	9,120,000
Ameren UE	03/09/00	63,500,000
Ameren UE	03/09/00	63,000,000
Ameren UE	03/09/00	60,000,000
Armco Corporation	12/17/75	13,350,000
Amoco Division Standard Oil	02/16/77	5,400,000
Associated Electric Cooperative, Inc.	01/25/80	95,000,000
Associated Electric Cooperative, Inc. (D)	03/19/81	36,000,000
Associated Electric Cooperative, Inc.	01/21/82	71,000,000
Associated Electric Cooperative, Inc. (A)	01/21/82	50,000,000
Associated Electric Cooperative, Inc. (J)	05/04/82	73,000,000
Associated Electric Cooperative, Inc. (N)	05/18/82	9,700,000
Associated Electric Cooperative, Inc. (Y)	12/16/82	55,900,000
Associated Electric Cooperative, Inc.	12/15/83	44,100,000
Associated Electric Cooperative, Inc.	11/15/84	153,125,000
Associated Electric Cooperative, Inc.	11/29/93	27,375,000
Associated Electric Cooperative, Inc.	05/01/96	127,415,000
Bayer Corporation	05/27/97	1,600,000
Chrysler Corporation	10/30/85	16,000,000
Chrysler Corporation	06/01/93	16,000,000
Community Development Notes, 1983	10/27/93	18,000,000
Community Development Notes, 1985	04/24/85	15,000,000
Community Development Notes, 1988	06/15/88	15,000,000
Empire District Electric Company	12/20/78	8,000,000
Grant Anticipation Notes, 1982	12/16/82	24,500,000
Grant Anticipation Notes, 1983	11/17/83	44,100,000
Grant Anticipation Notes, 1985	07/09/85	90,000,000
Grant Anticipation Notes, 1986	07/15/86	65,000,000
Grant Anticipation Notes, 1989	03/02/89	14,850,000
Great Lakes Carbon	09/14/77	7,000,000
Great Lakes Container Corporation	07/24/80	800,000
Gulf & Western Industries, Inc. (Lone Star)	08/01/78	11,000,000
Henry County Water	05/01/96	13,000,000
Henry County Water	08/01/04	465,000
Kansas City Power & Light Company	07/19/78	31,000,000
Kansas City Power & Light Company	10/26/77	20,000,000
Kansas City Power & Light Company, Series 1992	09/15/92	31,000,000
Lone Star Industries, Inc.	07/17/84	8,300,000

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED BUT MATURED

June 30, 2010

(continued)

Issued but Refunded	Closing Date	Original Issue Amount
Lone Star Industries, Inc.	08/29/84	\$ 800,000
Metropolitan Sewer District, Series 1991	01/10/91	68,000,000
Metropolitan Sewer District, Series 1992A	01/14/92	85,000,000
Metropolitan Sewer District, Series 1993	12/09/93	50,000,000
Middlefork Water Company, Series 1992	05/28/92	2,000,000
Missouri-American Water Company	03/18/93	5,000,000
Missouri-American Water Company	07/01/96	6,000,000
Missouri Cities Water	02/12/91	4,500,000
Mobay Chemical Corporation	04/18/75	7,500,000
Mobay Chemical Corporation	09/11/75	3,500,000
Mobay Chemical Corporation	03/15/78	11,000,000
Mobay Chemical Corporation	05/10/78	825,000
Mobay Chemical Corporation	04/18/79	11,000,000
Mobay Chemical Corporation	12/05/85	1,600,000
Monsanto Company	08/03/78	2,370,000
Monsanto Company	01/09/79	10,250,000
Monsanto Company	09/06/79	2,900,000
Monsanto Company	12/15/82	9,325,000
Monsanto Company	06/09/93	14,520,000
Monsanto Company	11/08/84	2,890,000
Monsanto Company	11/10/88	7,950,000
Monsanto Company	06/09/93	14,520,000
Noranda Aluminum, Inc.	04/27/76	10,500,000
Noranda Aluminum, Inc.	10/29/82	45,000,000
Raytown Water Company	04/23/92	3,000,000
Raytown Water Company	07/30/99	2,670,000
Reynolds Metal Company	12/31/85	750,000
River Cement Company	05/29/80	5,700,000
SRF - MSD Notes	06/08/00	72,545,000
Standard Oil Company (Amoco Division)	07/22/80	8,300,000
St. Joseph Light & Power Company	12/30/80	5,300,000
St. Joseph Light & Power Company	02/24/83	5,600,000
St. Joseph Light & Power Company	07/21/89	5,600,000
St. Joseph Light & Power Company	06/14/95	5,600,000
St. Joseph Mineral Corporation	12/20/73	7,000,000
St. Louis County Water	02/12/91	25,000,000
St. Louis County Water	02/26/92	25,000,000
St. Louis County Water	03/25/93	15,000,000
St. Louis County Water	06/20/95	12,000,000
St. Louis County Water	11/01/96	20,000,000
Tri-County Water Company	04/30/92	8,365,000
Tri-County Water Company	09/01/99	14,760,000
Union Electric Company (1995 A&B)	02/26/92	126,500,000
Union Electric Company	04/25/74	16,500,000
Union Electric Company	06/11/75	22,000,000
Union Electric Company	05/30/90	60,000,000
Union Electric Company	11/01/77	27,085,000
Union Electric Company	08/20/80	60,000,000
Union Electric Company	10/08/81	45,000,000
Union Electric Company	12/15/82	20,000,000
Union Electric Company (Series A & B, 1984)	06/21/84	160,000,000
Union Electric Company (Series C, 1984)	11/14/84	47,500,000
Union Electric	12/17/91	42,585,000
Wentzville, City of	05/08/81	6,350,000
		<u>\$ 2,674,210,000</u>

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

COMMUNICATION OF AUDIT RELATED MATTERS

JUNE 30, 2010



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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October 27, 2010

To the Members of the Board of the
State Environmental Improvement and
Energy Resources Authority

We have audited the financial statements of the State Environmental Improvement and Energy Resources Authority (the Authority) for the year ended June 30, 2010, and have issued our report thereon dated October 27, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 16, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the Authority's internal control over financial reporting (internal control). Such considerations were for the purpose of determining the nature and extent of our audit procedures and not to provide any assurance concerning such internal controls.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the planned scope and timing previously communicated to you in our discussion about planning matters in June 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new

accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement will be effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In order to comply with this Statement, the Authority will need to carefully review its fund balance categories and governmental fund type classifications in preparation for the fiscal year 2011 audit. The GASB has issued additional statements subsequent to No. 54 above, but those statements do not appear to impact the Authority's financial statements at this time.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates which impacted the current year financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was investments held at year end.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed no audit adjustments that could, in our judgment, either individually, or in the aggregate, have a significant effect on the Authority's financial reporting process.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter issued in connection with our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We thank Authority management and staff for their assistance during the course of our audit. We will be pleased to discuss these or any other matters deemed appropriate at your convenience. This information is intended solely for the use of the Board and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Williams-Keepers LLC

Williams-Keepers LLC

MANAGEMENT LETTER

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

JUNE 30, 2010



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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October 27, 2010

To the Members of the Board of the
State Environmental Improvement and
Energy Resources Authority

In planning and performing our audit of the financial statements of the State Environmental Improvement and Energy Resources Authority (the "Authority") for the year ended June 30, 2010, in accordance with U.S. generally accepted auditing standards, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Authority's internal control to be significant deficiencies:

CONTINUING RECOMMENDATIONS

WIRE TRANSFERS

The Deputy Director has the authority to both create and approve electronic wire transfers from the Authority's cash and investment accounts. This internal control weakness is somewhat mitigated by the month end review of the cash and investment accounts by the Finance Officer as well as preparation of the Authority's quarterly financial statements by the external certified public accountant and subsequent review by management. We recommend the Authority review internal controls over this process to identify whether such duties can be further segregated to mitigate the risk of error or fraud occurring.

Status: The Authority is comfortable with the mitigating controls currently in place and has determined it is not cost-beneficial to change the process at this time; however, management is aware of the situation and continues

to be open for opportunities for further segregation should they arise.

PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for establishing and maintaining internal control, which includes internal control over the selection and application of accounting principles and preparation of the annual financial statements in accordance with generally accepted accounting principles (GAAP). To maintain our independence as external auditors, we cannot be part of an entity's system of internal control because that would place us in a position of performing functions that are reserved for management and employees of the entity.

As part of our engagement, we prepared the Authority's financial statements in accordance with GAAP. Upon completion, those financial statements are submitted to management for review, comment, and ultimately acceptance as management's representation. The preparation of the financial statements in accordance with GAAP upon conclusion of the audit is consistent with our engagement agreement with the Authority and is a common practice by us and other auditing firms for clients who do not have personnel on staff with the time or necessary expertise to prepare GAAP financial statements.

We are required to report to you as at least significant deficiencies in internal control those aspects of an entity's GAAP financial statement preparation that we believe management does not have the means to perform without our assistance and that have a material impact on the financial statements. This includes adjusting the underlying books of account if necessary to correct material misstatements prior to preparing the financial statements.

In evaluating the situation for the Authority, we noted management is actively involved in decisions regarding financial statement presentation and very competent in performing the review of the financial statements to assess the overall completeness and reasonableness of the presentation. However, with respect to ensuring the internal control standard is met of ensuring that there are no misstatements or omissions that would be considered significant to GAAP financial statements, we believe the Authority has an internal control deficiency that is a significant deficiency with respect to the following:

- Actual preparation of certain aspects of the financial statements, specifically the note disclosures and government-wide statements, so as to be complete and free of significant error under current GAAP standards.

We are pleased to continue to provide the service of preparation of the GAAP financial statements and are not recommending the Authority make other arrangements to have the financial statements prepared. We feel the process of us as auditors preparing the financial statements at the conclusion of the audit, followed by management review and acceptance, is an efficient and cost-effective process overall. However, we would be pleased to work with the Authority's staff to find ways they can take a larger role in preparing the annual GAAP financial statements, if that is desired, in order to eliminate this internal control deficiency.

PRIOR YEAR RECOMMENDATION IMPLEMENTED

MARKET DEVELOPMENT PROGRAM

The Authority operates the Missouri Market Development Program (the "Program") in conjunction with the Department of Natural Resources (DNR) to provide funds to various businesses involved in the use of recycled materials. As all expenditures made by the Program are reimbursed by DNR, the increase in fund balance for the year should be very minimal. During our prior year audit procedures, we noted the Program reflected an increase of \$9,500 in fund balance as of June 30, 2008. Upon further research, Authority staff noted an invoice had been requested and recorded twice for reimbursement from DNR. During 2009, we were informed by the

Authority that a similar instance occurred in fiscal year 2009 where expenditures were requested for reimbursement twice.

We recommended the Authority carefully review all requests for reimbursement prior to submission to DNR. In addition, we indicated the Authority should review Program financial statements periodically, specifically at fiscal year end, to verify Program activity did not result in a significant increase or decrease in fund balance.

Status: During the current year audit, we did not note any instances where expenditures were requested for reimbursement twice. Based on this information and discussions with Authority staff, it appears our prior year recommendation was implemented.

This report is intended solely for the use of the Board and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to answer any questions you may have. Thank you for this opportunity to be of service.

Sincerely,

Williams-Keepers LLC

Williams-Keepers LLC

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**MARKET DEVELOPMENT PROGRAM -
FINANCIAL ASSISTANCE AWARDS**

From Inception Through June 30, 2010



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Members of the Board of the
State Environmental Improvement and
Energy Resources Authority

We have audited, in accordance with U.S. generally accepted auditing standards, the financial statements of the State Environmental Improvement and Energy Resources Authority (the Authority) for the year ended June 30, 2010 and have issued our report thereon dated October 27, 2010. We have also audited the accompanying Schedule of Missouri Market Development Program - Financial Assistance Awards of the Authority from inception through June 30, 2010. This schedule is the responsibility of the Authority's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Missouri Market Development Program - Financial Assistance Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the accompanying schedule is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the Schedule of Missouri Market Development Program - Financial Assistance Awards referred to above presents fairly, in all material respects, such program awards of the State Environmental Improvement and Energy Resources Authority from inception through June 30, 2010, in conformity with the cash basis of accounting as described in Note 2.

Williams - Keepers LLC

October 27, 2010

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS
(CASH BASIS)
FROM INCEPTION THROUGH June 30, 2010**

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '92 Projects				
City of Maryville	\$ 43,000	\$ 43,000	\$ -	\$ -
Memphis City Sanitation	8,500	8,500	-	-
Galamet, Inc.	50,000	50,000	-	-
Recycled Plastics Corp.	50,000	50,000	-	-
Spectrum Technologists	16,990	16,990	-	-
The Surplus Exchange	35,000	35,000	-	-
Ultra-Technologies	17,000	17,000	-	-
Cooperative Workshops, Inc.	49,750	49,750	-	-
Boonslick Industries	15,000	15,000	-	-
Jamegy, Inc.	25,000	25,000	-	-
Recycled Plastic Resins, Inc.	50,000	50,000	-	-
Missouri Enterprise	49,433	49,433	-	-
Versa-Tag, Inc.	8,280	8,280	-	-
Gateway to Gardening	40,200	40,200	-	-
Louisiana-Pacific Corp.	92,000	92,000	-	-
Williams & Jelks	50,000	50,000	-	-
Print-Pak, Inc.	85,500	85,500	-	-
FY '93 Projects				
Sanders Enterprises, Inc.	75,000	75,000	-	-
Reclaim, Inc.	75,000	75,000	-	-
Midway Plastics, Inc.	25,000	25,000	-	-
Sikeston Recycling	75,000	75,000	-	-
USA Recycling, Inc.	75,000	75,000	-	-
P.K. Insulation Manufacturing Co., Inc.	75,000	75,000	-	-
Environmental Recycling, Inc.	63,000	63,000	-	-
FY '94 Projects				
Bryant Plastics, Inc.	75,000	75,000	-	-
Come Play Products Company	75,000	75,000	-	-
Environmental Defense Fund	15,000	15,000	-	-
Bridging the Gap	10,000	10,000	-	-
Tri-Smith Plastic Recyclers, Inc.	50,000	50,000	-	-
ALB Enterprises, Inc.	35,000	35,000	-	-

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '95 Projects				
Miller Manufacturing and Lumber	\$ 50,000	\$ 50,000	\$ -	\$ -
Ozark Mountain Resins	50,000	50,000	-	-
Paint Solutions	45,000	45,000	-	-
Recovery and Recycling	50,000	50,000	-	-
Coon Manufacturing	75,000	75,000	-	-
Pnu-Light Tool	75,000	75,000	-	-
Recycled Plastic Resins	63,000	63,000	-	-
NEMO Recycling	75,000	75,000	-	-
B and B Pallet Supply	45,000	45,000	-	-
The Pallet Connection	35,000	35,000	-	-
FY '96 Projects				
RSS Recycling	37,500	37,500	-	-
M & H Pallet Company	75,000	75,000	-	-
C & C Pallet Company	75,000	75,000	-	-
Sunset Turf Nurseries, Inc.	75,000	75,000	-	-
Osage Ag Concerns	75,000	75,000	-	-
American Disposal Services of Missouri	75,000	75,000	-	-
P.K. Insulation Manufacturing Company	50,000	50,000	-	-
FY '97 Projects				
City of St. Peters	97,768	97,768	-	-
For The Children, Inc.	150,000	150,000	-	-
Ozark Rivers Environmental	150,000	150,000	-	-
Strategic Materials, Inc.	75,000	75,000	-	-
Plastec, Inc.	75,000	75,000	-	-
S & S Wood Products	75,000	75,000	-	-
Coon Manufacturing	75,000	75,000	-	-
Bryant Plastics	33,430	33,430	-	-

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '98 Projects				
PR Recycling	\$ 60,000	\$ 60,000	\$ -	\$ -
Dura Board, Inc.	60,000	60,000	-	-
Second Chance Materials	60,000	60,000	-	-
Dept. of Public Works, City of Springfield	60,000	60,000	-	-
Dept. of Public Works, City of Lee's Summit	28,710	28,710	-	-
Agricultural Waste Management, Inc.	30,000	30,000	-	-
Missouri Enterprise Business Assistance	67,325	67,325	-	-
Panel Products	60,000	60,000	-	-
FY '99 Projects				
Loganbill Shavings	50,000	50,000	-	-
Advance Toner	49,384	49,384	-	-
Canbrands International	23,959	23,959	-	-
Lucent Recycling	40,875	40,875	-	-
FY '00 Projects				
CNC Recycling	42,450	42,450	-	-
Green Farm Pilot	48,750	48,750	-	-
NuRoad Systems	170,000	170,000	-	-
UMR/Futuretek	159,000	159,000	-	-
Central Paper	50,000	50,000	-	-
B&B Organics	37,500	37,500	-	-
Canbrands(2)	50,000	50,000	-	-
Organic Res. Management	50,000	50,000	-	-
Coolbrook Corp.	50,000	50,000	-	-
Enviro Tech	50,000	50,000	-	-

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '01 Projects				
Coon Manufacturing	\$ 50,000	\$ 50,000	\$ -	\$ -
EnviroPak	50,000	50,000	-	-
Mountain Ridge Recycling	50,000	50,000	-	-
Midwest Mulch Manufacturing	35,000	35,000	-	-
Tico Manufacturing	50,000	50,000	-	-
Tiro-Block	50,000	50,000	-	-
Proctor and Gamble	50,000	50,000	-	-
City of Columbia	50,000	50,000	-	-
Reynolds County Sheltered Workshop	50,000	50,000	-	-
FY '02 Projects				
Apple Cabinets	22,425	22,425	-	-
BioSpan Technologies	50,000	50,000	-	-
Bryant Plastics	32,500	32,500	-	-
DMR Plastics	50,000	50,000	-	-
Loganbill Shavings & Mulch	50,000	50,000	-	-
Magic Green Corp	50,000	50,000	-	-
Missouri Hardwood Products	50,000	50,000	-	-
PK Insulation	50,000	50,000	-	-
Second Chance	44,189	44,189	-	-
USA Recycling	50,000	50,000	-	-
Waste Not Recycling	49,950	49,950	-	-
Welch Products	50,000	50,000	-	-
FY '03 Projects				
Baden Car Parts, Inc.	50,000	50,000	-	-
Coon Manufacturing, Inc.	26,548	26,548	-	-
Forrest Keeling Nursery, Inc.	50,000	50,000	-	-
ORMI	25,000	25,000	-	-
SandVista	50,000	50,000	-	-
Sho-Me Pallets	50,000	50,000	-	-
The Smashed Chefs	25,867	25,867	-	-
TRI-Rinse, Inc.	37,384	37,384	-	-
Web Innovations & Tech. Services	50,000	50,000	-	-

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '04 Projects				
BFC Composting	\$ 50,000	\$ 50,000	\$ -	\$ -
Birdville USA LLC	50,000	50,000	-	-
Encore Building Solutions, Inc.	50,000	50,000	-	-
Flick Seed Company	50,000	50,000	-	-
Hi-Tech Charities	50,000	50,000	-	-
Horner Charcoal, Inc.	50,000	50,000	-	-
Irresistible Community Builders	50,000	50,000	-	-
Lamar Feed & Grain, Inc.	44,253	44,253	-	-
Missouri Botanical Gardens	21,000	21,000	-	-
Missouri REI Study	38,109	38,109	-	-
Southland Flooring Supplies	50,000	50,000	-	-
Windswept Worm Farm LLC	50,000	50,000	-	-
Young's Innovations	3,633	3,633	-	-
FY '05 Projects				
Fiberlite Technology, Inc.	50,000	50,000	-	-
Grisham Farm Products, Inc.	46,275	46,275	-	-
J&J Industrial Supply, Inc.	50,000	50,000	-	-
Missouri Bio-Fuels, LLC	45,656	45,656	-	-
Missouri Organic Recycling	50,000	50,000	-	-
Remains, Inc.	50,000	50,000	-	-
Rustique, Inc.	50,000	50,000	-	-
Ryan Enterprise, Inc.	50,000	50,000	-	-

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS**

(CASH BASIS)

FROM INCEPTION THROUGH June 30, 2010

(continued)

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '06 Projects				
C.H.P. Environmental, Inc.	\$ 50,000	\$ 50,000	\$ -	\$ -
DoCo, Inc.	50,000	50,000	-	-
EPC, Inc.	34,800	34,800	-	-
International Mulch Company, Inc.	40,000	40,000	-	-
Loganbill Enterprises, Inc.	50,000	50,000	-	-
Missouri Botanical Gardens	5,400	5,400	-	-
Nike IHM	50,000	50,000	-	-
Recycling Concepts, Inc.	50,000	50,000	-	-
Strategic Materials, Inc.	50,000	50,000	-	-
FY'07 Projects				
Bart Menning Tree Service LLC.	50,000	50,000	-	-
Customix Corp	23,317	23,317	-	-
Coon Mfg., Inc.	22,877	22,877	-	-
DCAL Services, LLC	39,000	39,000	-	-
Laclede Industries, Inc.	49,287	49,287	-	-
Mtn. Vue Enterprises, LLC	50,000	-	50,000	-
Plastic Lumber Co. of America, LLC	50,000	50,000	-	-
RAMM Enterprises, Inc. ***	50,000	50,000	-	-
Sunshine Recycling	42,000	42,000	-	-
Wahlco/DW Tool, Inc.	50,000	50,000	-	-
FY'08 Projects				
Alternative Community Training, Inc.	50,000	24,664	-	25,336
Central Missouri Poultry Procedures	23,332	23,205	127	-
Eco Recycling, Inc.	50,000	-	50,000	-
Eharas Service & Solutions, Inc.	50,000	50,000	-	-
Halphin Enterprises dba Windswept Worm Farm	35,000	30,102	4,898	-
Hansen's Tree Service & Environmental Wood	50,000	50,000	-	-
Loganbill Enterprises, Inc.	35,000	-	35,000	-
Performance Roof Systems	50,000	50,000	-	-

***: RAMM Enterprises, Inc. returned these funds to the Authority during fiscal year 2008.

See Accompanying Notes to Schedule of Missouri Market Development Program.

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

**SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM
FINANCIAL ASSISTANCE AWARDS
(CASH BASIS)
FROM INCEPTION THROUGH June 30, 2010
(continued)**

Project	Amount	Amounts Paid/Lapsed in Prior Years	Amounts Paid/Lapsed in Fiscal Year 2010	Unexpired Balance June 30, 2010
FY '09 Projects				
Asphalt Products, Inc.	\$ 50,000	\$ -	\$ 50,000	\$ -
Cedar Ridge Innovations, LLC	50,000	50,000	-	-
Double G Brands, Inc.	50,000	50,000	-	-
Swift Construction Company, Inc.	50,000	42,252	-	7,748
Thomason Brothers, Inc.	50,000	50,000	-	-
FY'10 Projects				
All Points Recycling, LLC	45,500	-	45,023	477
BFC Composting	50,000	-	49,248	752
Braik Brothers Tree Care & Green Waste Recycling, LLC	50,000	-	50,000	-
Coon Mfg, Inc.	50,000	-	46,916	3,084
Enginuity, LLC	50,000	-	44,750	5,250
GT Management, LLC	50,000	-	50,000	-
Hampton Alternative Energy Products, LLC	50,000	-	-	50,000
Missouri Organic Recycling, Inc.	33,500	-	31,350	2,150
Randolph County Sheltered Industries	50,000	-	-	50,000
Sikeston Community Sheltered Workshop	50,000	-	50,000	-
Rustique Enterprises, Inc.	50,000	-	6,799	43,201
	<u>\$ 8,690,106</u>	<u>\$ 7,937,997</u>	<u>\$ 564,111</u>	<u>\$ 187,998</u>

See Accompanying Notes to Schedule of Missouri Market Development Program.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

NOTES TO SCHEDULE OF MISSOURI MARKET DEVELOPMENT PROGRAM

1. BACKGROUND AND PURPOSE

The State Environmental Improvement and Energy Resources Authority (the "Authority"), created in 1972, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor of the State of Missouri. The Authority is administratively placed in the Missouri Department of Natural Resources.

Due to the special independent status as "a body corporate and politic," the Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State of Missouri (the "State"). The usual method of financing is through the issuance of tax-exempt revenue bonds and notes.

The Authority is also empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the Authority's purposes.

The Authority has also been mandated by the General Assembly (RSMo 260.005 through 260.125) to implement a number of projects in cooperation with the Department of Natural Resources and the Department of Economic Development, including administering the Missouri Market Development Program which provides market development assistance through technical and financial support to businesses and organizations that develop marketable end-products from recycled materials.

Pursuant to Senate Bill #530, Section 260.335, in March 1992, the Authority entered into an interagency agreement with the Missouri Department of Natural Resources and the Missouri Department of Economic Development to promote markets for recycled materials and to provide financial assistance for businesses which use recycled materials in making new products. As required in that legislation, the program was provided annual funding of \$1,000,000 upon appropriation by the Missouri Legislature. The funds come from the Solid Waste Management Fund. Pursuant to House Bill #1040, the funding available changed to \$648,000 for fiscal 2005. For fiscal 2006 and beyond, Senate Bill #230 provides \$800,000 from solid waste tipping fees for the program annually. Solid waste tipping fees are a per ton fee levied on solid waste disposed at landfills and transported out of state for disposal through transfer stations. Additional staff for this project have been obtained through the University of Missouri Extension Service, the Missouri Department of Economic Development, and the Missouri Business Assistance Center.

2. ACCOUNTING POLICIES

Method of Accounting: The accounts of the Authority are organized on the basis of funds and account groups. The Market Development Program is accounted for as a special revenue fund. Information shown in the accompanying Schedule of Missouri Market Development Program is presented on the cash basis.

Income Taxes: The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code.